

صباحنا من الامل

# FINANCIAL TIMES

Start the week with...



Italy Prodi: 100 days and no crisis Page 15



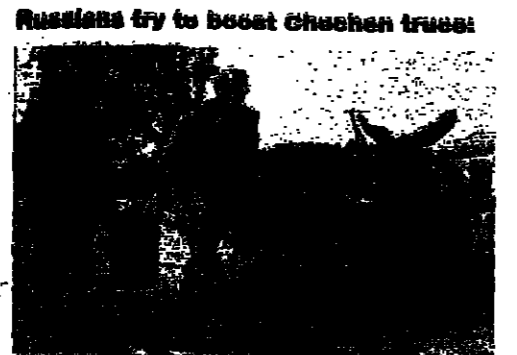
Management Counting the cost of Emu Page 10



Business Travel Hidden dangers of stress Page 12

## Brussels warns German carmaker not to spend aid

German carmaker Volkswagen risks being barred from competing for public contracts if it spends heavily in the German state of Saxony. The warning by European Union competition commissioner Karel Van Miert is the toughest yet in the row over Saxony's plans to subsidise VW investment in the state to the tune of DM780m. Page 18



Two Russian soldiers carry water on the outskirts of the Chechen capital, Grozny, where a fragile ceasefire held overnight. Russian and Chechen negotiators worked over the weekend to reinforce the truce and a truce also seemed to be holding among Russia's politicians. Page 16

Hines buys malls in Europe: Texas-based property company Hines has bought seven shopping centres in Europe - including the continent's biggest covered mall - from French insurer Macif. Hines is paying FF1.5bn (\$267.7m) for 50 per cent of the centres, with an option to take full control. Page 17

China hits at US: The US was using the pretext of terrorism to dictate policy with the laws on foreign oil companies investing in Iran and Libya, China said. Beijing accused Washington of "overweighting arrogance". Page 8

Many dead in Pakistan attacks: Fifteen people were killed and almost 70 injured when gunmen attacked a Shiite Muslim religious meeting in a village in Pakistan's Punjab province, a spokesman for a Shiite party said.

Campaign aircraft crashes: Nine people were feared dead after a presidential support aircraft crashed in Wyoming soon after taking off for President Bill Clinton's birthday party in New York City. Page 4

Microsoft admits software bugs: US software giant Microsoft has admitted there is a bug in the latest version of its Internet Explorer Web browser. The problem comes as Microsoft and California-based Netscape Communications fight for control of the browser market. Page 18

Lebanese electoral rival candidates: Rehearsed accusations of election fraud as parliamentary polls got under way in Lebanon's Christian heartland. One man was fatally injured in a brawl at a polling station.

Students surrounded by riot police: Two Israeli schools were held by riot police as students sat on food and medical supplies in an attempt to force an end to the five-day occupation.

Police search for more children: Belgian police searched for the remains of more missing children, widening their investigation into a child sex scandal after the man who led them to three bodies admitted kidnapping at least two other girls.

British killed in Honduras: A young British man found murdered on a remote road in Honduras was probably shot during a robbery, said police.

Intelligence units testing: Intelligence units of the UK is to sell its Testing Services business to a consortium led by two financial institutions, Citicorp and Bankers Trust. The sale - worth some \$200m (\$22.8m) - is part of a streamlining programme. Page 17

European Monetary System: The French franc remains bottom of the EMS grid, while the Spanish peseta rose last week to the top. This week may see more movement if the Bundesbank council meeting on Thursday cuts German interest rates. Currents, Page 23

Table with columns: Currency, Rate, Change. Includes entries for GBP, USD, JPY, etc.

The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move at a 2.25 per cent band.

FT.com: the FT web site provides online news, comment and analysis at http://www.ft.com

Table with columns: Country, Currency, Rate, Change. Includes entries for Australia, Canada, Hong Kong, etc.

## Kohl seeks to calm tax fears

Chancellor insists Germans will pay less after reforms

By Peter Norman in Bonn  
The German government yesterday made clear that wide-ranging tax reform, planned for 1999, should involve a significant reduction in the overall tax burden and that it will not raise value added tax to increase revenues.

In a television interview from his Austrian holiday home, Chancellor Helmut Kohl last night said that his "first and most important goal" was to lower the excessive burden of taxes to help the individual citizen, boost the economy and create jobs.

Giving a first indication of the possible scale of tax cuts, Mr Kohl, in an earlier interview, admitted that a VAT increase was unavoidable.

Mr Kohl's admission of the need for a VAT increase, after months of insisting that the government had any such plans, was a significant political turnaround - even though he had never ruled out the possibility after the next German general election in the autumn of 1998.

Yesterday there were signs that the issue of tax reform would continue to be controversial.

## Lloyd's fails to win SEC help over US action

The US Securities and Exchange Commission has refused to help Lloyd's of London in a potentially devastating legal challenge today that claims the insurance market's \$3.5bn recovery plan may break US securities laws.

Disgruntled US Names are seeking an injunction in a federal court in Virginia to prevent Lloyd's from proceeding with its rescue proposals - just nine days ahead of the August 28 deadline for Names to accept.

## King Hussein promises 'iron-fist' response and sends in elite troops

Jordan riots spread after bread price rise

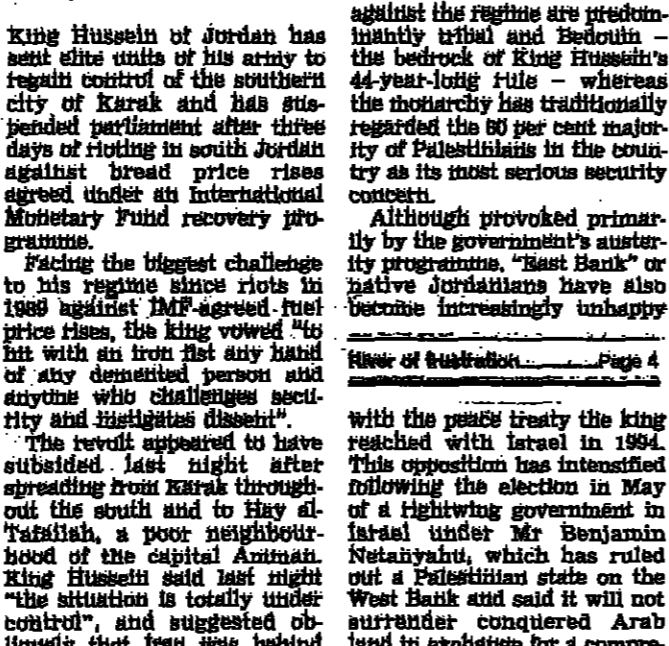
By David Gardner, Middle East Editor, in Jerusalem  
King Hussein of Jordan has sent elite units of his army to regain control of the southern city of Karak and has suspended parliament after three days of rioting in south Jordan against bread price rises agreed under an International Monetary Fund recovery programme.

Facing the biggest challenge to his regime since riots in 1989 against IMF-agreed fuel price rises, the king vowed "to hit with six iron fist any kind of any dissident person and anyone who challenges security and threatens dissent".

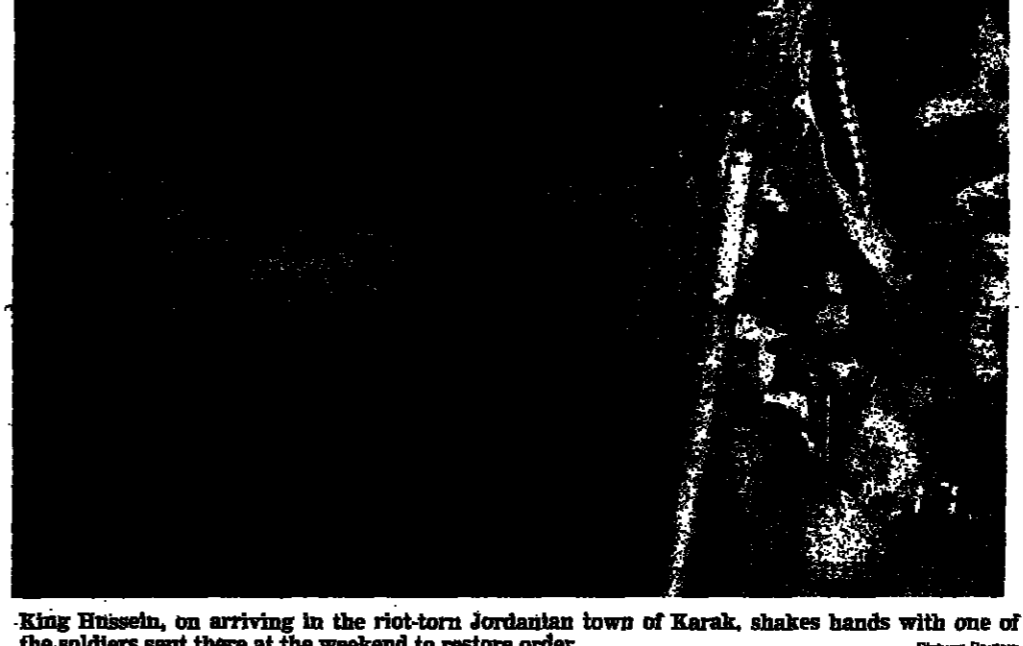
Although provoked primarily by the government's austerity programme, "East Bank" or native Jordanians have also become increasingly unhappy

with the peace treaty the king reached with Israel in 1994. This opposition has intensified following the election in May of a rightwing government in Israel under Mr Benjamin Netanyahu, which has ruled out a Palestinian state on the West Bank and said it will not surrender conquered Arab land in exchange for a comprehensive Middle East peace.

After the 1989 riots, the King restored parliament, dissolved in 1987 after pan-Arab nationalist agitation. The fundamentalist Islamic Action Front - the Jordanian arm of the pan-



King Hussein, on arriving in the riot-torn Jordanian town of Karak, shakes hands with one of the soldiers sent there at the weekend to restore order



King Hussein, on arriving in the riot-torn Jordanian town of Karak, shakes hands with one of the soldiers sent there at the weekend to restore order

Islamic Muslim Brotherhood - became the biggest party, with 34 of the 80 seats. Its presence was reduced to 16 in favour of

## Cash seized at home of Indian ministry official

A senior finance official in the Indian telecommunications ministry was arrested on Saturday after a raid by federal police at his apartment that yielded more than \$28m, \$900,000 (£4.5m), 30 expensive watches and more than 1kg of gold jewellery.

The raid came only a day after \$28.5m in cash was seized from two homes of Mr Sukh Ram, a former communications minister. Officials said Mr Ram's arrest, the official arrested on Saturday, had been a chess move of Mr Ram's to head the ministry in the Congress government of Mr P.V. Narasimha Rao which was defeated in general elections earlier this year.

The haul at Mr Ram's home was the largest seizure of cash ever made by police in India from the home of a politician. Twenty Central Bureau of Investigation investigators spent more than 24 hours counting the bundles of cash which had been stored in poly-

then bags, suitcases and bed sheets. "I have never seen so much money in my life," said Mr Rajeev Singh, director of the CBI, the country's main investigation agency.

Mr Singh said, spokesman of the ruling United Front coalition government of prime minister H.D. Deve Gowda, said the raid at Mr Ram's home was "only the tip of the iceberg". He added: "This is a most primitive way of accumulating capital."

Mr Ram is reported to be in London. A CBI spokesman said the arrest warrant had been issued for Mr Ram as far as a bribery case had been filed against him. It involved the alleged disappearance of \$15.5m from the national equipment involving the purchase of telecommunications equipment from Advanced Radio Media Limited, a Hyderabad-based member of a consortium which has bid for providing basic telecom services in the state of Rajasthan.

The spokesman said the current investigation has not covered the award of contro-

FOR CLEARER VISION GO STRAIGHT TO THE TOP Corporate Money Top 20 Venture Capitalists by deal value (1996 year to date)

VENTURE CAPITALISTS	DEAL VALUE £M	NO. OF DEALS
1 Cinven	879.60	9
2 Apex Partners	497.50	4
3 NatWest Ventures	406.45	15
4 Mercury Asset Management	369.30	3
5 CVC Capital Partners	362.60	40
6 3i Group	314.65	3
7 Morgan Grenfell DC	307.00	1
8 Kohlberg Kravis Roberts	305.00	1
9 Charterhouse DC	231.00	3
10 Prudential Ventures	221.60	5
11 BZW Private Equity	208.50	2
12 HSBG Private Equity	201.50	3
13 Schroder Ventures	198.80	10
Murray Johnstone PE	134.98	6

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سكا من الاعمال

# Beijing condemns US law on sanctions

By Tony Walker in Beijing

China has sharply criticised the US over a new law which threatens sanctions against companies doing business with Iran and Libya, accusing it of dictatorial behaviour.

The US says both countries sponsor international terrorism and have been involved in terrorist acts against American citizens.

The US, the article said in language reminiscent of the cold war period, was guilty of "hegemonical thinking".

The US hegemonical ideology of over-representing arrogance that those who submitted would prosper and those who resisted would perish, it added.

The article said, however, the US had never expected its "serial sanctions" would arouse "serial condemnations... and possibly serial counter-sanctions".

# Handshake hides a struggle in Jakarta

### Troops guard roads as Megawati meets Suharto, writes Manuela Saragosa

The polite handshake did not hint at the struggle of the past month. Ms Megawati Sukarnoputri was courteous and President Suharto a gracious host when they greeted each other at Independence Day celebrations at Jakarta's neo-classical Istana Merdeka palace at the weekend.



Megawati Sukarnoputri fanning herself at Saturday's Independence Day celebrations.

It was their first meeting since Ms Megawati was ousted more than a month ago as leader of the opposition Indonesian Democratic party (PDI) by a government-backed candidate, provoking the worst riots in Jakarta in 20 years.

foundling President Sukarno, who was ousted by Mr Suharto in 1965) risked robbing the president's Golkar party of votes at next year's general elections.

one really knows what Megawati is thinking," says Ms Dewi Fortuna Anwar, political scientist at the Indonesian Institute of Sciences.

# Doubts raised over Vietnam banks' lending

By Jeremy Grant in Hanoi

A confidential report by Vietnam's central bank has exposed the precarious financial health of the 54 joint stock banks that have sprung up in the past five years of the country's tentative banking reforms.

socialist-style banking, are likely to be shaken by the revelations of their fragility.

and 75 per cent by the dominant four state-owned banks, are added with "an alarming level" of unrecouped loans.

occasionally private investors put "outstanding overdue loans" at another large joint stock bank, Eximbank.

In the report, investigators put "outstanding overdue loans" at another large joint stock bank, Eximbank.

The weaknesses exposed by the report may make for depressing reading for joint stock bank managers, but they also raise questions about the financial health of the four state-owned banks, where it is impossible to pin down how much of their loans would be classified as bad, under international accounting standards.

# Thai telecom deal underlines shady business-politics links

### Ted Bardacke reports on the problems of the Banharn government as claims of corruption dominate political life

It was the kind of deal that would normally make headlines. The state-owned Telecommunications Organisation of Thailand (TOT) and TelecomAsia, a subsidiary of the country's largest industrial conglomerate, the CP Group, last Thursday signed an agreement broadening the private company's concession in fixed phone lines to include the Personal Handyphone System, a low-cost mobile phone system that has swept Japan.



Chavalit (left) and Thaksin: clashed over satellite

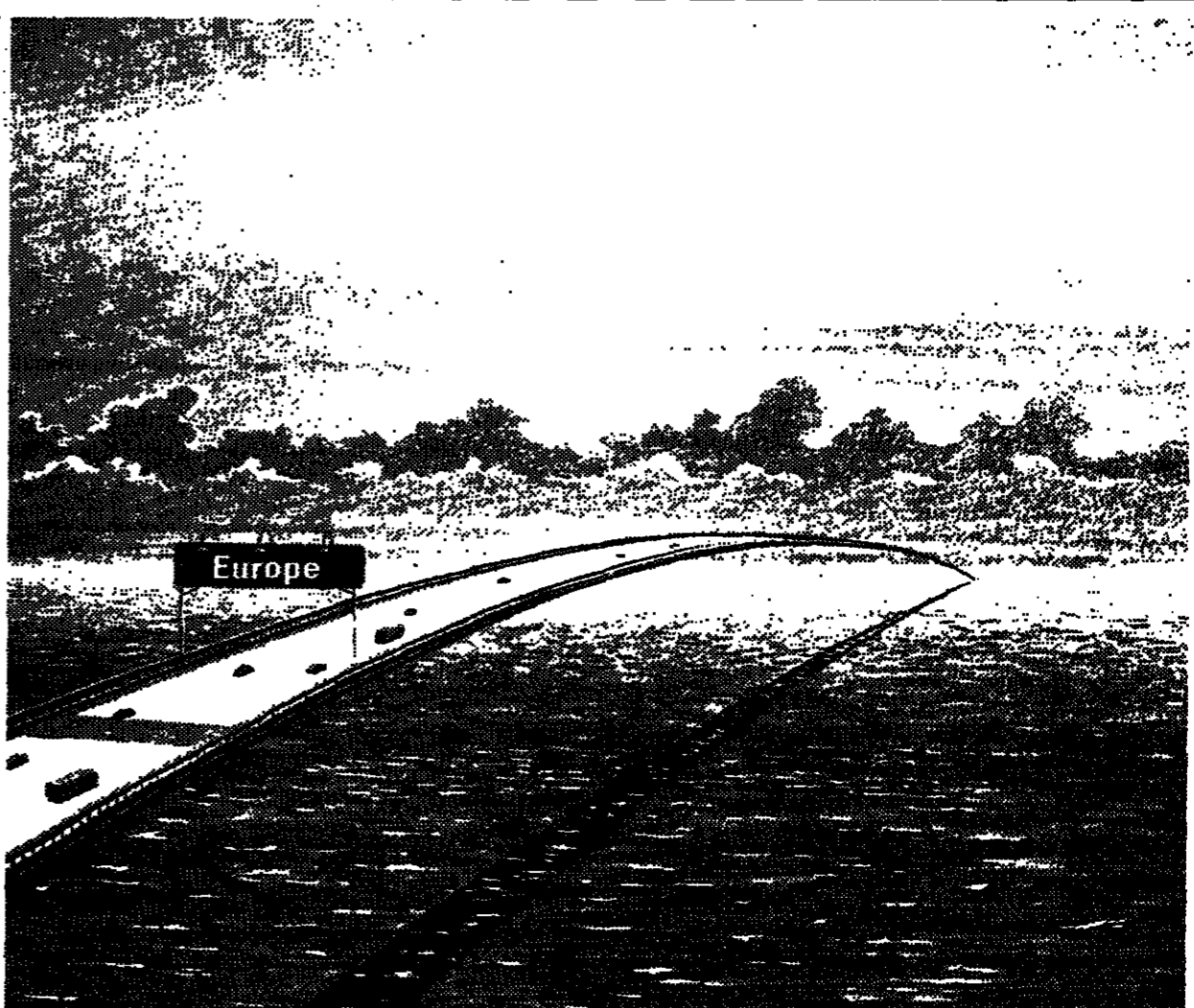
where Justice Minister Chalerm Yoonhamrungsut alleged that kickbacks were involved in the awarding of new licences, transparency certainly helped fuel the political fire.

Mr Chalerm said Mr Thaksin was upset about the bribery allegations, usually because his brother-in-law was part of one of the winning consortiums.

Mr Thaksin shot back with his own accusation: "Chalerm made the payment allegation because somebody who was not given a licence wrongly thought those who had bought them. That somebody happens to be (Asia Times publisher) Sondi Limthongkul... who is a close friend of Mr Chalerm."

In the same cabinet meeting where the bank licence issue was discussed, Mr Chalerm and Mr Thaksin clashed when Mr Chalerm added onerous conditions to a PDP proposal to list Thai Oil on the stock market.

Mr Chalerm is understood to hold a grudge against Mr Kasame Chatkavong, Thai Oil chairman, who as governor of the Electricity Generating Authority of Thailand (EGAT) in 1990 fought off a bid by Mr Chalerm, then a Prime Minister's Office minister and on his way to being declared "usually rich" after the 1991 military coup, to get control of some of EGAT's lucrative contracts.



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NEWS: INTERNATIONAL

River of frustration overflows in Jordan

By David Gardner Middle East Editor

On the east bank of the Jordan Valley a river of frustration is overflowing. King Hussein of Jordan, who has survived for 44 years as ruler of the territory ceded by British colonial authorities to his grandfather as an ungovernable area overrun by lawless Bedouin, is facing a revolt just when his margin for manoeuvre is contracting.



King Hussein ordered 'iron fist' policy to quell anti-state violence stemming from protest over bread price rises

The crisis has been triggered by a doubling of bread prices, agreed as part of an International Monetary Fund-sponsored programme to cut the budget deficit and deepen structural reform of Jordan's economy.

As in similarly fierce rioting in 1989 sparked by an IMF-backed fuel price rise, it is the Bedouin tribes and ethnic "East Bank" Jordanians who have risen in ire, not the Palestinians. Originally from the Israeli-occupied West Bank, the latter form 60 per cent of the 4.3m population. The Bedouin

already intense pressure to cut back on links with Israel. The revolt began on Friday in the south Jordanian Crusader stronghold of Karak. Karak was brought under control by elite Bedouin troops after two days in which banks and the local branch of the education ministry had been burned, and was yesterday under curfew. But not before the rioting had spread through southern Jordan, engulfing Tafleeh, Maan, and reaching the poor suburbs of Amman, the capital, yesterday.

The king, who enjoys great if not unquestioned authority in Jordan, has visited Karak and the south, and should be able to regain control. He has vowed to crush with "an iron fist" any band of any demented person and anyone who challenges security and instigates dissent. The bread price rise is severe, from about \$0.12 to \$0.26 a kilo. The government has spent two months preparing the ground, intending to target bread subsidies on

international donor approbation, and some foreign investment, but the much-touted Israel-Jordan-Palestine "triangle" of development is nowhere in sight. Since the election in May of Mr Benjamin Netanyahu at the head of a hardline Israeli government hostile to trading conquered Arab land for peace, the king has gone further out on a limb by insisting little has changed in the regional peace process. All this has helped crystallise broad discontent, centred on the Islamic Action Front, the Jordanian arm of the pan-Islamic Muslim Brotherhood.

Perot wins nomination in low poll

By Jurek Martin in Washington

Mr Ross Perot has predictably won the presidential nomination of the political party he created, but by a slimmer margin than expected and on a voter turnout so low as to renew doubts about how well he would do against President Bill Clinton and Mr Bob Dole in November.

accept federal matching funds for his campaign. His 1992 performance entitled him to accept \$29.5m, but would limit his personal contribution to \$50,000. Four years ago, he spent over \$60m from his private fortune and the Reform Party's treasury and the Reform Party's independent coffers and fund-raising abilities are meagre without his wealth. The second concerns selection of a running mate, presumably a not now Mr Lamm, given the bad blood between the two. His choice in 1992, retired admiral James Stockdale, was a delegate for Mr Dole at last week's Republican convention in San Diego and thus unavailable.

Accusations of rigging mar Lebanon poll

By Fouad Khalaf in Beirut

Accusations of vote-rigging marred the start of Lebanon's parliamentary elections yesterday, the first in the post-civil war era in which anti-Syrian Christian candidates are taking part. While thousands of Lebanese troops took up position in the Mount Lebanon region, the first constituency to vote, opposition candidates accused the government of pressuring voters and their government rivals claimed the electorate was being bribed.

One man was reported killed in a fight that broke out between two rival Druze clans in the Aley district, east of Beirut. The Mount Lebanon constituency is regarded as the most controversial in the elections, due to stretch over five consecutive Sundays. At stake there are 35 seats in the 128-member chamber, with 24 reserved for Christians.

parliamentary elections. As a result they were marginalised for the last four years. This year, expelled Maronite leaders opposed to Syrian dominance of Lebanon called again for a boycott after parliament amended an electoral law which carved Mount Lebanon into smaller constituencies than in the rest of the country, dispersing the Christian electoral majority and ensuring a strong showing by allies of pro-Syrian Druze leader Walid Jumblatt. However, some local Maronite leaders ignored the boy-

cott call and are running in the elections. Initial Interior Ministry figures put turnout at between 40 and 55 per cent, the usual level seen in Lebanese elections, indicating the boycott call had largely been ignored. Despite participation of such anti-Syrian candidates, the elections are expected to produce another largely pro-Syrian parliament. This is important for Damascus at a time when Israeli prime minister Benjamin Netanyahu is attempting to isolate Syria in the peace process by proposing

to withdraw from the south Lebanon strip while retaining hold of Syria's Golan Heights. The proposal, rejected by Syria, would snuff out the resistance put up in south Lebanon by Hizbollah, the Islamist movement used by Damascus to pressurise Tel Aviv. Despite the conviction that the elections are stage-managed in Damascus, which maintains about 40,000 troops in Lebanon, the poll has generated keen interest among the electorate. Hundreds of candidates

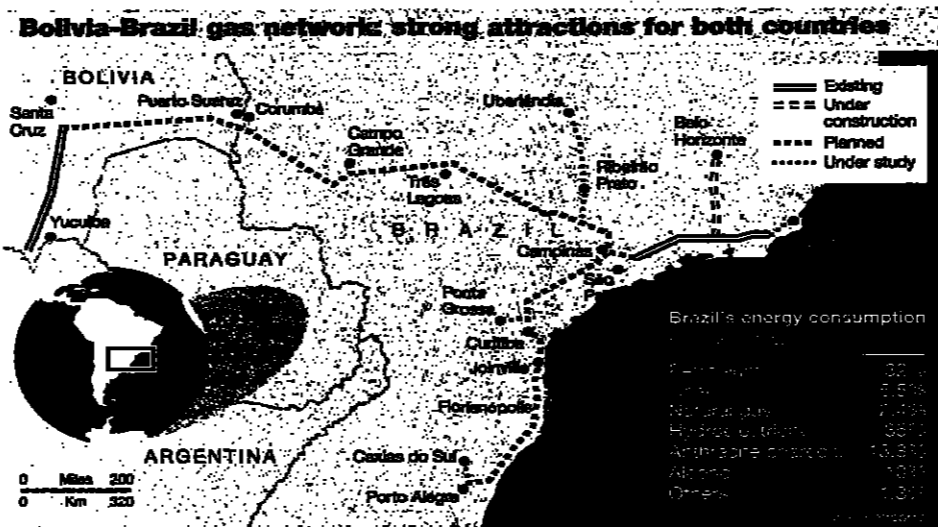
have rushed to join the race, littering the capital with their posters. The posters looming above all others are those of prime minister Rafiq Hariri, architect of Lebanon's reconstruction project and a candidate for a seat in Beirut. The billionaire businessman is hoping a parliament seat will win him political legitimacy. It should also help him build a parliamentary bloc to move his reconstruction plan more smoothly through a chamber often resistant to his ambitious programme.

Brazil-Bolivia deal to spur gas project

Agreement has finally been reached between the Brazilian and Bolivian states on financing of a natural gas pipeline between the two countries half a century after it was first proposed. Construction of what will be one of Latin America's biggest infrastructure projects is scheduled to begin on September 4 but the future of the much-delayed pipeline remains unclear. The agreement provides \$400m for building the first stage of the pipeline, between Santa Cruz and the Brazilian border. Petrobras, Brazil's state oil company, will provide \$360m in advance payments to YPFB, its Bolivian counterpart. The rest will come in equity from the project's partners. YPFB will repay Petrobras over 12 years, beginning six months after the pipeline starts operating in December 1998.

The agreement enhances prospects for "capitalisation" of YPFB, set for September 26. Some 24 international companies have pre-qualified to bid for a 50 per cent stake in the three packages, two for exploration and production and one for transport, into which it has been divided for transfer to private sector management. For Brazil, the pipeline offers a much-needed alternative energy source. Its power industry has suffered from under-investment for years. Recently, demand for electricity surged after the government success in cutting inflation; Brazil is dependent heavily on hydro-electric power, but low rainfall has left many reservoirs only 50 per cent full. With technological advances, natural gas has become more commercially attractive to the electricity industry. "In theory, the project is excellent news," says Mr Pedro Krepel, director for infrastructure at São Paulo's Federation of Industry. "Natural gas is efficient and provides an alternative power

source. The pipeline is a step to regional integration. But gas at any price is not such good news. The model as it stands is a worry." Critics say the 3,000km pipeline, which will carry up to 30m cu metres of natural gas a day between Santa Cruz in Bolivia and Porto Alegre in Brazil's extreme south, is too ambitious. Financing for the Brazilian side has yet to be agreed. Requests have been made to the World Bank, the Inter-American Development Bank (IDB) and US and Japanese export credit agencies. Terminating the pipeline at São Paulo would allow Petrobras to sell gas to distributors at about \$1.80 per 1m BTUs (British thermal units). Completing the pipeline would force them to raise this to about \$2.80 per 1m BTUs. Petrobras recently signed a contract with Brazil's southern state of Santa Catarina to supply gas at this price. It has also secured an agreement from Comgas, the distributor in São Paulo where half the pipeline's gas will be sold, to pay the same. But Comgas says the price remains a big problem and no contract has been signed. While these accords may help Petrobras to reach deals



stopped at São Paulo. Continuing to Porto Alegre, they say, would reduce that return to 8 per cent. The private sector would love to run this pipeline on an economic basis, but the government insists on giving control to a vast public sector company. Petrobras' ability to keep its domination of the supply of natural gas will depend on legislation now in Brazil's congress. Amendments to

the constitution last year opened supply of piped gas to the private sector and ended Petrobras' monopoly in the petroleum industry. But how far the door is opened to private operators will be determined by supplementary regulations unlikely to be voted on until October. The project could also become embroiled politically. Ending the pipeline in São Paulo would be seen as favouring only one part of the country. Petrobras' political influence could be important in the debate on whether to change the constitution to allow President Fernando Henrique Cardoso to run for a second term in 1998.

Jonathan Wheatley and Sally Bowen

INTERNATIONAL NEWS DIGEST

Egyptians 'not hiding in Sudan'

Sudan, facing a UN-imposed embargo on its airlines, could not hand over three Egyptians suspected of trying to kill Egypt's President Hosni Mubarak in Ethiopia last year because they were not in the country, it said yesterday. Last week, the UN Security Council agreed the air embargo - which will come into effect in three months - after Sudan failed to extradite the three men to Addis Ababa for trial. "We have nothing to add during the ultimatum, simply because the three suspects are not in Sudan," Sudan's foreign minister, Mr Ali Osman Mohammed Taha, said. Sudan has been under limited diplomatic and travel sanctions since May 10. The air embargo would apply to aircraft which are registered in Sudan or owned, leased or operated by Sudan Airways or the Sudanese government, officials said. Reuter, Khartoum

Presidential aircraft crashes

A presidential support plane with nine people aboard yesterday crashed into a mountain in Wyoming after taking off on a flight to President Bill Clinton's birthday party. All those aboard, eight air crew and one active duty Secret Service agent, were reported killed, a US Forest Service official said. A search and rescue team was sent on horseback into the Grosvent Wilderness, where the aircraft hit forest about 9,000 ft up Sleeping Indian Mountain, in the Bridger-Teton National Forest. The crash occurred just two to three minutes after take-off. The aircraft, a C-130 built in 1974 and used to transport presidential vehicles, was flying towards New York City. Reuter, Jackson, Wyoming

Tajik guerrillas 'seize town'

Islamist rebels in Tajikistan have taken control of the strategic town of Tavildara, they said yesterday. The fierce fighting over the past few days has jeopardised a UN-arranged ceasefire. Opposition leader Akbar Torajonzoda said his forces had retaken Tavildara from government forces. The town straddles a key road between government and rebel-held territory lying to the east of Dushanbe. The government in Dushanbe confirmed that fighting was raging, but said it commanded the strategic heights around Tavildara. But the government failed to specify who controlled the town. The fighting appears to have left in tatters a UN-sponsored truce reached between the Moscow-backed government and Islamist rebels, who have been fighting the regime for the past four years. The conflict is bound to deliver a blow to Tajik President Imomali Rakhmonov's shaky government. Reuter, Almaty

Libyan rebels 'kill 26'

Libyan rebels have ambushed a military convoy near Benghazi and killed up to 26 people as resistance to Col Muammar Gaddafi's 27-year rule continues to grow, Libyan opposition sources said yesterday. An opposition official said the attack was one of many in north-east Libya, rapidly becoming a militant hotbed. Some coastal areas are reported to be under security blockade. Reuter, Cairo

Mexico forces a Wonderbra cover-up

Leslie Crawford on controversy sparked by a 'sensual' advertising campaign

She was first sighted above in a flyer in Mexico City, a tall, shapely blonde wearing nothing but a satin bra. "I like what you are thinking," she purred. Next, she was causing havoc on the airport road to Monterrey, transfixing drivers with the larger-than-life panorama of her cleavage. By the time she arrived in Guadalajara, her reputation preceded her. She was met by a phalanx of angry matrons, determined to make her stay in Guadalajara as brief and uncomfortable as possible. The matrons picketed billboards, jammed the mayor's phone lines and wrote letters seeking with indignation to the local press. A second battlefront was opened in Monterrey. "Can anything be done to tear down the Wonderbra billboard on Vasconcelos street?" asked Mrs Silvia Perales in a letter to El Norte, the Monterrey newspaper. "The photograph is so sensual it can only serve to provoke lewd thoughts in



Modesty prevails: From scant beginnings Wonderbra ads take on more attire in Mexico

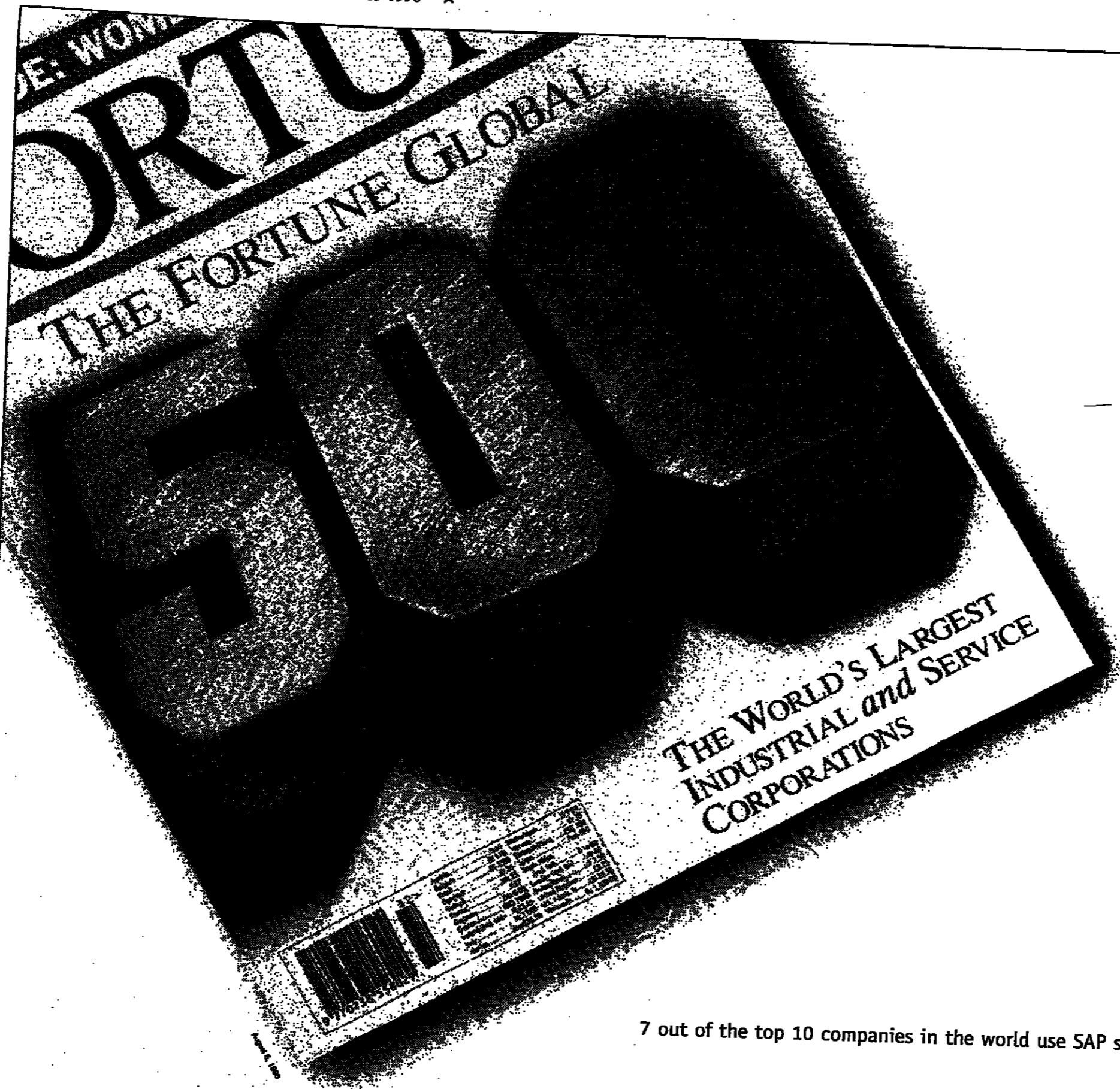
our sons, our husbands and our teenagers. We don't want our streets filled with pornography. Like in Europe," she complained. "It won't be easy for mothers to fight this new menace," Mrs Carolina Lopez warned in another letter to El Norte. "Those who wish to advertise the Wonderbra in Monterrey should do so with dignified, Mexican-style campaigns; not this American rubbish." Politicians entered the

fray. Left-wingers accused anti-Wonderbra mayors of being reactionaries. Mr Felipe Calderón, leader of the conservative National Action Party, issued a general appeal to keep bras out of politics. "It is only the distributors of this brand which benefit from so much publicity," he said. "We had to act quickly," says Mr Guillermo Fierro, the marketing manager at Playtex Apparel Mexico, who launched the Wonderbra

south of the Rio Grande. "The authorities in some municipalities were threatening to remove our outdoor advertisements, and even fine us, unless we could come up with a new campaign." And so the Czech model Eva Herzogova, whose scantily clad image has become Wonderbra's trademark around the world, was clothed in leadlets and posters for the first time. The new ads feature Ms Herzogova in a suit, her eyes modestly downcast. Only her plunging neckline gives the game away. Mr Fierro will not disclose the value of Wonderbra's sales in Mexico, but he claims the storm has been excellent free publicity for his product. Back in the US, however, the controversy has made Sara Lee, maker of frozen foods and owner of lingerie trademarks such as Playtex, Cacharel and Wonderbra, register the shortcomings of transnational advertising. The Wonderbra media campaign marked one of the first forays into global advertising by Sara Lee, whose lingerie brands earn more than \$1bn in annual sales worldwide. Starting in the UK in 1994, the ads, featuring Ms Herzogova, were so successful Wonderbra could hardly keep up with demand. The company decided to use the same campaign in Europe and in the US, where Wonderbras are said to have sold at the rate

of one every 15 seconds when they were launched in the autumn of 1994. "People identified the brand with Eva. She became the Wonderbra girl. We invested considerable equity in that image," says Ms Clover Bergman, marketing vice-president at Wonderbra's headquarters in Winston-Salem, North Carolina. Her objective is to keep Ms Herzogova's image for Wonderbra's global market, despite Mexican reaction. "What we have learned in Mexico is that in some countries we may have to change the visual," Ms Bergman says, "but we will deal with this on a case-by-case basis." She says the company is not anticipating problems for its Asian launch in Hong Kong and Singapore later this year. The media campaign will feature Ms Herzogova, rather than an Asian model, in her original Wonderbra-only attire. The captions, however, alone may be toned down to reflect local sensitivities.

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 Germany (0180) 5 34 34 24 Greece 9 24 02 42 Hungary 00 43 (1) 2 88 22 251 Italy (039) 68 79 1 Netherlands (06) 0 22 50 52 Norway (67) 53 15 70 Poland (022) 60 60 606  
 Russia/C.L.S. (095) 2 75 04 54 Spain & Portugal (01) 4 56 72 00 Sweden (08) 80 96 80 Switzerland (032) 42 71 11 UK (0181) 818 2940 South Africa 0 800 119339

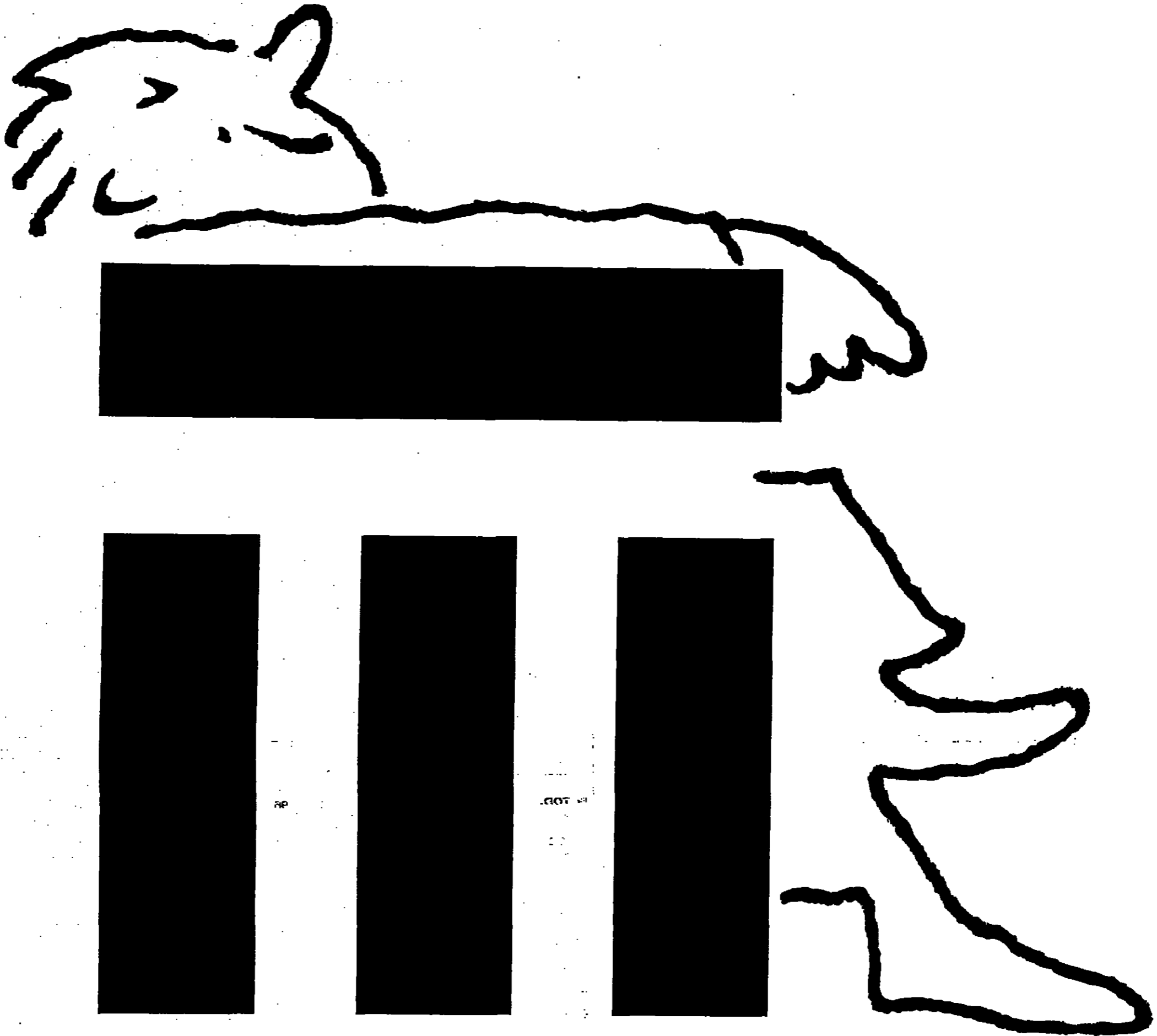




صكنا من الامل

IRA terrorist returned to jail

*So who insures the insurers?*



### New Designs for the Old.

First, the bad news: all over the world, in some places more than others, the old systems of care for the aging are aching and creaking. The figures just don't add up anymore.

The good news is that insurers and reinsurers have long been wise to the problem and are mounting an all-out effort to develop broader and better ways of delivering private long-term care.

We're talking about a giant leap in social concepts: from "charging Peter to pay Paul" to "Peter pays Peter, and Paul pays Paul" – the travail of a whole generation.

Swiss Re has been among the first and foremost in helping its clients gauge the enormity of this change, to calculate and manage the risks involved, and to design modern solutions to the age-old problem of old age care.

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COMPANIES AND FINANCE

Lucas ready to make disposals

By Ross Tieman
Sizeable disposals are expected from Lucas Industries' electrical and electronics business...

Land Rover, is focusing his attention on the UK group's vehicle electricals arm...

The business has more than 20 plants in Europe, America, Asia and Africa...

Rice, the Varity chief who will head the combined group, is keen to take LucasVarity out of businesses...

Investors approve Normandy plan to consolidate
The long-planned merger of Normandy, the Australian mining group...

Investors approve Normandy plan to consolidate

By Nikki Tait in Sydney
The long-planned merger of Normandy, the Australian mining group...

Sandvik upbeat despite fall of 15% midway

By Hugh Carnegie in Stockholm
Sandvik, one of Europe's top engineering companies, joined the ranks of Swedish export companies...



Percy Barnevik: chairman

Sandvik is set to take full control of Tampella but has been thwarted from a full takeover of Kanthal...

A quilt that could smother the unwary

Europe has proved a slog for pioneers among US fund managers, reports John Gapper

In theory, there could hardly be a more exciting prospect. As the growth of mutual funds assets slows in the US...

according to a study published this month by the US consulting firms Cerulli Associates and Lipper Analytical Services...

harder for us to break into the lower end of the market, and it is more profitable to stay selective anyway...

Thistle books in for listing

By Geoff Dyer
Thistle Hotels, the UK's second largest hotels company, is expected this week to announce plans for an October flotation...



Robert Peel: from fish and chips to four-star hotels

The Thistle flotation reflects the desire of Brierley, the New Zealand owner, to reduce its 70 per cent holding. However, it is not yet clear what size of stake will be offered to investors...

first half results this week, which are expected to show a 25 per cent improvement in profits to about £25m. The company, which is being advised by Merrill Lynch and Baring Brothers...

Charles Taylor set for London quote

By Ralph Atkins, Insurance Correspondent

The group specialises in advising and managing mutual insurance associations set up within a variety of industries to provide cover when conventional insurers are unable or unwilling to provide low-cost protection...

Charles Taylor, the UK specialist insurance management services provider, will announce today plans for a London Stock Exchange listing, creating a group expected to have a market value of about £30m (£46.8m).

Tele Danmark in pact with Telia

By Andrew Arnold in Copenhagen

Tele Danmark, the state-controlled communications company, has signed an interconnection agreement with Sweden's Telia...

also believed to be keen to enter the Danish market. A Tele Danmark spokesman said the price agreed for calls was the same for both companies...

FUND MANAGEMENT

but have strong loyalties to their regions. Some US firms have not even tried. Citibank, which is among the biggest retail fund managers in Europe...

PEWC Pacific Electric Wire & Cable Co., Ltd. U.S. \$65,000,000 3 1/2% per cent. Bonds due 2001

CHEVY CHASE MASTER CREDIT CARD TRUST II U.S.\$138,000,000 Class A Floating Rate Asset Backed Certificates, Series 1995-B

HELP FILL THE CARE GAP IN BRITAIN SUPPORT THE Macmillan APPEAL Over one million people are living with cancer in Britain today...

Table with columns for Bid, Offer, and various financial data points.

USD 10,000,000 EURO MEDIUM TERM NOTE PROGRAMME OF SOCIETE GENERALE SGA SOCIETE GENERALE ACCEPTANCE N.V. AND SOCIETE GENERALE AUSTRALIA LIMITED

BLACK & DECKER June 1996 Half-Year Results Copies of the June 1996 half-yearly reports and financial results are available from the offices of:

Kingdom of Sweden US\$1,500,000,000 Floating rate notes 1996 Notice is hereby given that for the interest period 15 August 1996 to 15 November 1996 the notes will carry an interest rate of 3.75% per annum.

MARGINED CURRENCY DEALING CALL TOLL-FREE 1-800-850-8500 Flexible managed accounts Limited liability guaranteed Lowest margin deposits (2% - 5%)



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FINANCIAL TIMES MARKETS THIS WEEK

ING BANK At Home in Emerging and Capital Markets ING BARINGS

ING BANK At Home in Emerging and Capital Markets ING BARINGS

Global Investor / Philip Coggan

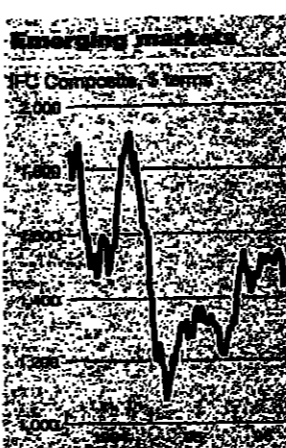
Bull run for emerging markets?

Even if the Federal Reserve does not raise interest rates this week, chances are that US monetary policy will soon be tightened. And that is a danger for emerging markets, which have strong trade and currency links with the US, and which suffered badly when rates were raised in 1994.

Doubts have recently started to be raised about whether Asia's phenomenal growth can be sustained, as rising real exchange rates and sluggish economic growth in the developed world have hit the region's export prospects.

The US proved a tough target to beat; investors also had to be nimble to get in and out of the technology sector at the appropriate times. Markets outside the US were also difficult. Those who invested in Tokyo lost most of their gains if they left their yen exposure unhedged.

Table with columns: US, Japan, Germany, France, Italy, UK. Rows: Cash, 3-5 year, 7-10 year, 15-20 year, 25-30 year, 35-40 year, 45-50 year, 55-60 year, 65-70 year, 75-80 year, 85-90 year, 95-100 year.



COMPANY RESULTS DUE

Fall expected at Volvo despite capital gain. Volvo, the Swedish carmaker, is expected to report pre-tax profits of between SKr3.21bn and SKr4.43bn (\$671m) on Wednesday for the six months to June.

that poor US sales could push Volvo Truck into a second quarter operating loss. Royal Nedlloyd: Analysts expect the Dutch transport group to report a second quarter net loss of F1.6m-F1.14m (\$3m-\$8m) from ordinary operations on Tuesday.

being reviewed and distribution in North America is another possible candidate. Other questions are likely to focus on plans to improve margins at BET's underperforming cleaning, catering and personnel businesses.

back the strong performers and add to the weak performers, thus boosting return while reducing risk. Certainly, arguments against indexation are strongest in the international arena, where a strict market cap-based approach would have prompted investors to be massively exposed to Japan in the late 1980s, with potentially disastrous results when the bubble burst.

ABN-AMRO Holding N.V. established at Amsterdam. INTERIM DIVIDEND 1996. The Managing Board of ABN AMRO Holding N.V. herewith announces that it has been decided, with the approval of the Supervisory Board, to distribute an interim dividend for the 1996 financial year of NLG 1.80 per ordinary share of NLG 5 value.

Sprinting for the autumn rush

Activity in the international equity market has ground to a halt in the last few weeks as most syndicate managers squeeze in some holiday before what is set to be a busy autumn for the market. "The calendar for September and beyond is looking very crowded," said one of the few syndicate managers to be found at their desk last Friday.

Brothers and Merrill Lynch have been appointed as advisers, with the latter market to be the bookrunner of the offering. Analysts have attached a tentative price tag of \$1bn to the company. Other deals which are set for September include Global Depository Receipt offerings from the State Bank of India, via Lehman Brothers, and Lite-On, a Taiwanese technology company, via BZW.

FT/S&P ACTUARIES WORLD INDICES. Table with columns: Country, Index, % Change, etc. Includes Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Korea, Malaysia, Mexico, New Zealand, Norway, Philippines, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA, etc.

CITIBANK N.A. offering through Brazil Branch. US\$70,000,000 Brazil Floating Rate Notes due August 17, 1997.

CITICORP U.S. \$250,000,000 Subordinated Floating Rate Notes Due August 2003.

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MARKETS: This Week

سكنا من الامل

NEW YORK: Fed cuts on rates

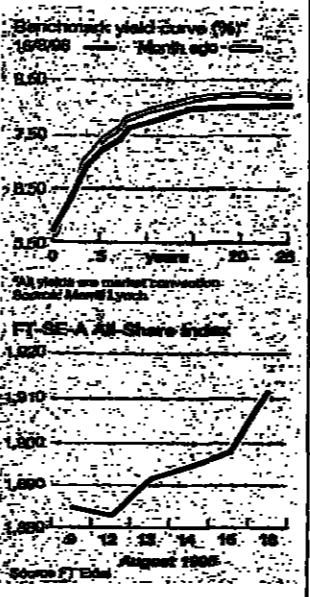
The biggest event for US securities this week is tomorrow's meeting of the policy-making Federal Open Market Committee. But it is unlikely to deliver any surprises: at the end of last week it was hard to find anyone on Wall Street who expected the Fed to do anything other than sit on its hands, leaving interest rates unchanged.



A few weeks ago things looked very different, as government statistics repeatedly pointed to a heating up of economic activity. Markets tumbled on the likelihood that the Fed would lift interest rates to keep the lid on inflation.

LONDON: FTSE 100

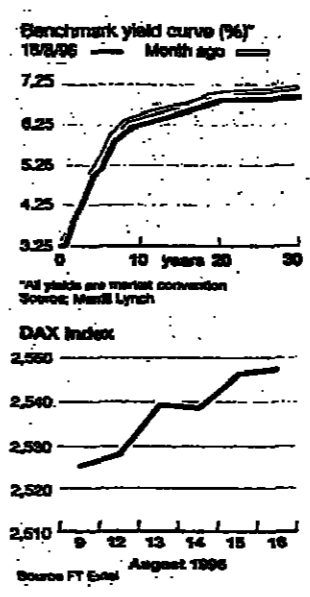
Investors took advantage of some thin trading volume last week to push the FTSE 100 index to all-time intra-day and closing highs. The UK's leading index has risen by 240 points with scarcely a break, since mid-July.



The Footsie has at last broken through the top of its 3,650 trading range, although Mr Brian Marber, the chartist, warns that a bearish "double top" pattern may be emerging.

FRANKFURT: By Andrew Fisher

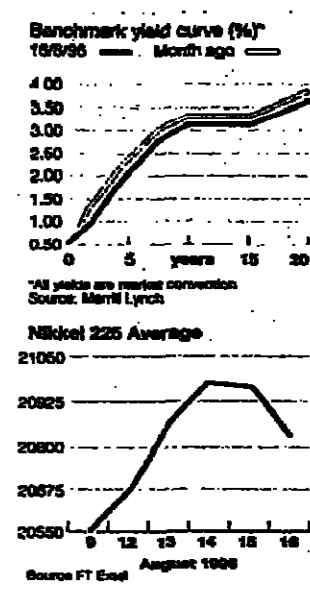
Traffic has been agreeably thin in Frankfurt during the August holiday - and so has speculation about interest rate cuts. But as the Bundesbank's council members get ready for work after their summer break, the guessing game has begun again in earnest.



Just as they did before the break, Bundesbank directors are helping to keep the game going. Last time it was Mr Hans Tietmeyer, the bank president, who mainly fuelled hopes of cuts - however minor - in the 3.30 per cent securities repurchase (repo) rate.

TOKYO: By Emiko Terazono

While concerns over an imminent rise in domestic interest rates have receded, most investors are expected to remain inactive ahead of economic events indicating the economic health of Japan and the US.



Bond market investors will focus on the Bank of Japan's tankan quarterly survey of business sentiment due on August 28. Bond yields, however, are expected to ease slightly because of technical trading on the futures market.

COMMODITIES: Copper

Copper report in the spotlight. Tomorrow's release of the London Metal Exchange's twice-weekly warehouse stocks report is likely to be scrutinized rather more keenly than usual by analysts trying to predict the direction the copper price will head in when it breaks out of its recent fairly narrow trading range.

STOCKHOLM

The Affarsvarlden general index has performed strongly this year, rising by 16 per cent, well ahead of other bourses. But it wavered last week, lifted by a good report from Ericsson but disappointed by figures from Astra, the pharmaceutical group.

OTHER MARKETS: Amsterdam

With the exception of ING, whose interim figures are due on Thursday, most of this week's batch of company results are in the second division, including Preh and Van Ommersen tomorrow, Nedlloyd on Wednesday and Nutricia and Internatio-Mueller on Thursday, writes John Pitt.

COPENHAGEN

Danish brokers expect the bourse to extend its string of record highs this week when three of the country's leading banks report half-yearly figures, writes Andrew Arnold.

HONG KONG

This week the market will be driven by two key themes: the results of Tuesday's US Federal Open Markets Committee meeting and, locally, property companies which kick off their reporting season, writes Louise Lucas.

Money supply central to cut in German rates

All eyes will be on the return from the summer holidays of the Bundesbank central council, meeting in Frankfurt on Thursday, as markets look to an easing of German interest rates.

The bank looks to the rate of growth in the broad M3 money supply figures for guidance. Indications are bullish about the July M3 data about to be released.

News of the bank's plans will be eagerly awaited in Paris, where the Bank of France is holding its monetary policy council meeting on Thursday. It will be hoping to gain relief for the franc from a German cut.

It looks unlikely now to move interest rates upwards, after some mixed economic signals last week. But if it does decide to raise rates, then the chances of repo rate cut in Germany become much slimmer.

For sterling, the market will be interested in the July M4 money supply figures published tomorrow and G20 figures for the second quarter on Thursday.

FT GUIDE TO WORLD CURRENCIES

Table with columns for Country, Currency, and Exchange Rate (US \$, D-Mark, Yen). Lists various countries and their respective currencies and rates.

CROSS BORDER M&A DEALS. Table with columns: BIDDER/INVESTOR, TARGET, SECTOR, VALUE, COMMENT. Lists various M&A deals.

ABN AMRO Funds. Société d'Investissement à Capital Variable. 4, rue Jean Monnet. L-2180 Luxembourg-Kirchberg. R.C. Luxembourg B 47072. Notice to the Shareholders regarding a dividend of DEM 5.80 per B-share.

N.V. Nederlandse Gasunie. DEM 75,000.00. Inverse floating rate notes due 2003. The notes will bear interest at 3.25% per annum for the interest period 18 August 1996 to 18 February 1997.

BANQUE NATIONALE DE PARIS. Programme for the issuance of Debt Instruments. Floating Rate Notes due 2006. Series 22 Tranche 1.

BANQUE NATIONALE DE PARIS. Programme for the issuance of Debt Instruments. Floating Rate Notes due 2006. Series 23 Tranche 1.

Special Drawing Rights August 15, 1996 US Dollar rate 67.0000; British rate 163.2660; French rate 6.5596; German rate 1.9364; Italian rate 2036.27; Japanese rate 163.2660; Spanish rate 166.3760; Swiss rate 1.9364; Australian rate 1.9364; Canadian rate 1.9364; Hong Kong dollar rate 7.7556; New Zealand dollar rate 1.9364; Singapore dollar rate 1.9364; South African rand rate 1.9364; Taiwan dollar rate 1.9364; Thai baht rate 1.9364; US dollar rate 1.9364.

MARKETS: This Week

EMERGING MARKETS BY FARRUK BOKHARI

Uncertainty plagues Pakistan

The outlook for Pakistan equities continues to be uncertain following a 14.5 per cent fall in the KSE-100 index since the budget on June 13.

The rapid fall in prices is largely the result of growing economic and political uncertainty, which may hit corporate profits, say analysts.

The index fell last week by some 3 per cent as investors became nervous after the disappointing half-year results of Dewan Salman Fibre. Dewan's shares fell after it became clear that there was no dividend and profits would be sharply lower this year, although no one knows by how much.

The company's recent performance is in sharp contrast to a year ago, when it announced a 20 per cent dividend and a 20 per cent scrip issue. Uncertainty has also grown after Fauji Fertilizers, another market leader, said there were no dividends to be paid on its half-year results.

The fall-out from the performance of companies such as Dewan and Fauji is probably just part of wider concern over the future of the market. Many investors are also worried over the economic uncertainty after the budget.

The government's attempt to slap a new goods and services tax on business and



KSE-100 index

industry has backfired. Many businesses are angry and insist that heavy taxation would take the economy into recession.

The government responded by reducing some of its proposed tax rates. Plans to impose an 18 per cent goods and services tax on many industrial products have been eased. It has also agreed to reduce the tax rate to 10 per cent for exports. A tax on buses, trucks and oil tankers has also been reduced.

However, such concessions have only cast doubts over the future of an IMF stand-by loan agreement for 401.8m SDRs. The fund has so far lent 187.5m SDRs to Islamabad but no one knows the future of the remainder.

Western economists in Islamabad say the fund is

worried that the concessions to businesses after the budget would once again mean that Pakistan would fail to reduce its deficit. For years, Pakistan has been urged by western institutions to trim its deficit as a step towards financial stability.

Mr Nasir Bukhari, chief executive of Khadim Ali Shah Bukhari, a Karachi brokerage, says: "The management of the economy is really willing to come to the market unless prevailing uncertainty is removed."

Mr Bukhari's remarks are shared by many analysts who are concerned over worsening economic trends. Last week, the rupee was again devalued in an effort to narrow the trade gap. It has been devalued by over 40 per cent in three years.

Others say a slowdown in the privatisation programme has depressed sentiment, as many investors are convinced that the placement of new shares on the market may have helped attract buyers and revive the overall sentiment.

The government has so far given no sign of a schedule for the privatisation of the PTC, the country's telephone company.

Pessimism is also driven by political uncertainty. Mr Nawaz Sharif, leader of the opposition Pakistan Muslim League party, has said he is launching a civil disobedience movement to force the government to step down. The opposition would call upon its supporters to stop paying utility bills and taxes.

No one is certain whether the opposition would succeed. Mr Sharif's campaign would follow another protest launched by the religious "Jamaat-i-Islami" party after the budget, protesting against the government's economic policies and corruption. Even if the two campaigns do not force the government out, many Pakistanis are easily reminded of the country's inherent political instability. Pakistan has seen seven governments in eight years since the last military ruler, General Muhammad Zia-ul-Haq, was killed in an air crash.

INTERNATIONAL BONDS BY RICHARD ADAMS

French 'storm in a tea cup' still brewing

In the midst of French financial market turmoil in the last few weeks, one London analyst confessed to having a "vague fear" that his French counterparts knew something he did not. He was right.

He and his colleagues did not know that some large and influential French institutions were reported to be selling domestic bonds, leading others to follow suit.

And few non-residents were familiar with the intricacies of likely tax changes in next year's budget, which might reduce French life assurance funds' appetite for 10-year bonds.

By the end of the week, news of the Bank of France's frequent, low-profile interventions in the market began to seep across the Channel.

In the meantime, politicians and central bankers were putting their mouths where the Bank of France's money was, to prop up the franc. A soothing statement by Mr Otmar Issing, Bundesbank chief economist, was closely followed by another from Mr Alain Juppé, the French prime minister, both designed to reassure the markets.

Mr Kiril Shah, chief market strategist at Sanwa International, said Mr Juppé and Mr Issing were attempting to "talk the markets up", a strategy previously "tried successfully by the US Federal Reserve".

But Mr Issing's and Mr Juppé's double act seemed too well timed to be pure coincidence. "If that were the case, it wouldn't surprise me," said one Paris-based analyst.

Coincidence or not, Mr Juppé brushed aside worries about the franc, describing the previous week's fall as "a storm in a tea cup".

The 10-year yield spread of OATs over bunds closed at around 6 basis points on Friday, slightly tighter than a few days earlier. The franc was also firmer on the foreign exchange market, at less than FFfr.42 against the D-Mark, having recovered from its four-month low in the region of FFfr.43 earlier in the week.

But analysts did not seem convinced that the French markets were out of the woods. And Mr Juppé's "storm in a tea-cup" could be brewing still.

"The respite is likely to prove short-lived," said one

trader in Paris. "The foundations it rests on look wobbly."

Factors supporting the French markets late last week were a wide-ranging mixture including - in addition to central bank intervention and bullish political declarations - a rallying D-Mark's dominance, as well as technical trading.

"Profit-taking on divergence trades has helped [French bonds]," said Mr Shah at Sanwa, referring to traders who had sold French bonds in previous weeks when they were more expensive than bunds and decided to reverse their trades after OATs had cheapened.

The support provided to French markets by a rallying US dollar could also have been a factor. Having risen above DML49 last Friday, the US currency was approaching strong technical resistance. A further rise would undoubtedly be beneficial to the franc, but Mr Shah believes "the dollar will have a tough time breaking through DML50".

A cut in the German repo rate this week, which participants see as increasingly

10-year benchmark bond yields

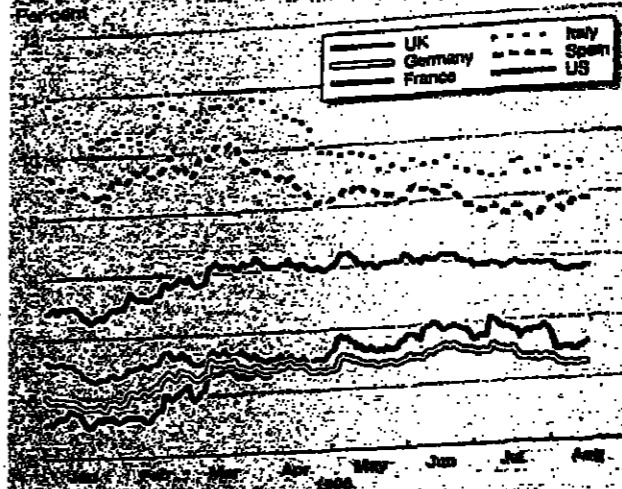


Table with columns for Country, France, Italy, UK, and US, showing 10-year benchmark bond yields.

The first of these came when Mr Chirac was seen to be keeping his distance from Mr Juppé. Leading to rumours of a possible cabinet shuffle. The speculation, however, was dismissed by most observers and the rumours quietly died.

A second "bad" explanation was the presumed falling out between Mr Chirac and Mr Jean-Claude Trichet, governor of the Bank of France, over high interest rates.

Another thought that occupied the market was that the French authorities were quite happy to allow the franc to float downwards. One view was a conspiracy theory to press Germany to cut interest rates.

One reason also frequently cited is that the German economy has perked up, while the French economy is still in the doldrums. This view depends on how economic data from both countries are interpreted.

This leaves the one "good" reason for the franc's vulnerability: the French government's budget deficit.

To fulfil the Maastricht criteria for European monetary union, France will have to deliver a budget for 1997 with a deficit of 3 per cent or less of GDP, something that hasn't happened since the end of 1991.

As the September 18 date for the delivery of the budget draws nearer, the market appears to have got more sceptical of France's ability to reach this target.

"It is not obvious what they are going to do," said one London-based analyst, adding that meeting the 3 per cent target would require "creativity".

In the end, though, all discussions come back to the French government's ability to cut its budget deficit. In the process, it risks facing fierce opposition from the unions, which could send the franc into free-fall and, ultimately, deface Euro.

"All of this was not a problem 12 months ago," said Mr Nick Parsons, an analyst at Paribas Capital Markets. "Now, the one thing they can't control is time, and this is making the markets uncertain."

ING BARING SECURITIES EMERGING MARKETS INDICES

Table showing Emerging Markets Indices for various regions like Latin America, Europe, Asia, etc., with columns for Index, 16/8/96, Week on week movement, etc.

All indices in US dollars, January 7th 1992=100. Source: ING Baring Securities.

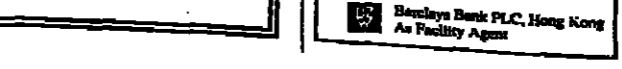
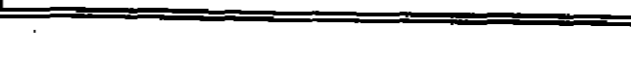
NEW INTERNATIONAL BOND ISSUES

Table listing new international bond issues with columns for Issuer, Amount, Maturity, Coupon, Price, Yield, Launch, and Book-runner.

Notice of Redemption for Thermo Electron Corporation 4% Senior Convertible Debentures due 1997 and 4% Convertible Subordinated Debentures due 1997. Includes details on redemption date, prices, and conversion procedures.

Advertisement for Birmingham and West Midlands region in Europe, featuring financial services and appointments advertising.

Advertisement for various financial products including Billingsgate City Securities PLC, Capital One Master Trust, and Alliance Leicester.



CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Aug 18, Closing mid-point, Change on day, Bid/offer spread, Day's bid/offer, One month rate, Three months rate, One year rate, Bank of England rate.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Aug 18, Closing mid-point, Change on day, Bid/offer spread, Day's bid/offer, One month rate, Three months rate, One year rate, J.P. Morgan rate.

WORLD INTEREST RATES

Table with columns: August 18, One month, Three months, Six months, One year, Lend, Dis, Repo.

Table with columns: Country, Currency, Aug 18, Closing mid-point, Change on day, Bid/offer spread, Day's bid/offer, One month rate, Three months rate, One year rate, Bank of England rate.

Table with columns: Country, Currency, Aug 18, Closing mid-point, Change on day, Bid/offer spread, Day's bid/offer, One month rate, Three months rate, One year rate, J.P. Morgan rate.

Table with columns: Country, Currency, Aug 18, Closing mid-point, Change on day, Bid/offer spread, Day's bid/offer, One month rate, Three months rate, One year rate, J.P. Morgan rate.

CROSS RATES AND DERIVATIVES

Table with columns: Country, Currency, Aug 18, Closing mid-point, Change on day, Bid/offer spread, Day's bid/offer, One month rate, Three months rate, One year rate, Bank of England rate.

FT GOLD MINES INDEX

Table with columns: Gold Mines Index, Aug 18, Closing mid-point, Change on day, Bid/offer spread, Day's bid/offer, One month rate, Three months rate, One year rate, J.P. Morgan rate.

EURO CURRENCY INTEREST RATES

Table with columns: Country, Currency, Aug 18, Closing mid-point, Change on day, Bid/offer spread, Day's bid/offer, One month rate, Three months rate, One year rate, J.P. Morgan rate.

EXCHANGE CROSS RATES

Table with columns: Country, Currency, Aug 18, Closing mid-point, Change on day, Bid/offer spread, Day's bid/offer, One month rate, Three months rate, One year rate, Bank of England rate.

LONDON TREASURY BILL TENDER

Table with columns: Bill on offer, Total applications, Total allocated, Mkt. accepted, Allocation at mt. level.

RIGHTS OFFERS

Table with columns: Issue, Amount, Return, Closing price.

UK INTEREST RATES

Table with columns: LONDON MONEY RATES, UK INTEREST RATES, PHILADELPHIA 6% 5/8 OPTIONS.

BASE LENDING RATES

Table with columns: Bank, Rate, Bank, Rate, Bank, Rate.

UK GILTS PRICES

Table with columns: Name, Price, Name, Price, Name, Price.

BANK RETURN

Table with columns: Banking Department, Assets, Liabilities, Net Worth.

UK GILTS PRICES

Table with columns: Name, Price, Name, Price, Name, Price.

UK GILTS PRICES

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Berkley Futures Limited advertisement.

Union Limited advertisement.

Market-Eye advertisement.

Futures & Options advertisement.

Margined FOREX advertisement.

WANT TO KNOW A SECRET? advertisement.

FUTURES - TAX FREE advertisement.

OFFSHORE COMPANIES advertisement.

Petroleum Argus advertisement.

MURFACE advertisement.

Signal advertisement.

LOW COST 24 HOUR FINANCIAL INFORMATION advertisement.

REUTERS 1000 advertisement.

FT Discovery advertisement with fisherman image.





صحنه من العمل

LONDON SHARE SERVICE

NAV TRUSTS SPLIT CAPITAL - Cont. Table with columns for Name, Price, Dividend, and Date.

LEISURE & HOTELS - Cont. Table with columns for Name, Price, Dividend, and Date.

OTHER FINANCIAL - Cont. Table with columns for Name, Price, Dividend, and Date.

PROPERTY - Cont. Table with columns for Name, Price, Dividend, and Date.

SUPPORT SERVICES - Cont. Table with columns for Name, Price, Dividend, and Date.

AIM - Cont. Table with columns for Name, Price, Dividend, and Date.

OTHER INVESTMENT TRUSTS Table with columns for Name, Price, Dividend, and Date.

LIFE ASSURANCE Table with columns for Name, Price, Dividend, and Date.

PAPER, PACKAGING & PRINTING Table with columns for Name, Price, Dividend, and Date.

RETAILERS, FOOD Table with columns for Name, Price, Dividend, and Date.

TELECOMMUNICATIONS Table with columns for Name, Price, Dividend, and Date.

AMERICANS Table with columns for Name, Price, Dividend, and Date.

INVESTMENT COMPANIES Table with columns for Name, Price, Dividend, and Date.

MEDIA Table with columns for Name, Price, Dividend, and Date.

PHARMACEUTICALS Table with columns for Name, Price, Dividend, and Date.

RETAILERS, GENERAL Table with columns for Name, Price, Dividend, and Date.

TEXTILES & APPAREL Table with columns for Name, Price, Dividend, and Date.

CANADIANS Table with columns for Name, Price, Dividend, and Date.

LEISURE & HOTELS Table with columns for Name, Price, Dividend, and Date.

PROPERTY Table with columns for Name, Price, Dividend, and Date.

PROPERTY - Cont. Table with columns for Name, Price, Dividend, and Date.

RETAILERS, GENERAL - Cont. Table with columns for Name, Price, Dividend, and Date.

TOBACCO Table with columns for Name, Price, Dividend, and Date.

SOUTH AFRICANS Table with columns for Name, Price, Dividend, and Date.

LEISURE & HOTELS - Cont. Table with columns for Name, Price, Dividend, and Date.

OIL EXPLORATION & PRODUCTION Table with columns for Name, Price, Dividend, and Date.

PROPERTY - Cont. Table with columns for Name, Price, Dividend, and Date.

SUPPORT SERVICES Table with columns for Name, Price, Dividend, and Date.

TRANSPORT Table with columns for Name, Price, Dividend, and Date.

WATER Table with columns for Name, Price, Dividend, and Date.

LEISURE & HOTELS - Cont. Table with columns for Name, Price, Dividend, and Date.

OIL, INTEGRATED Table with columns for Name, Price, Dividend, and Date.

PROPERTY - Cont. Table with columns for Name, Price, Dividend, and Date.

SUPPORT SERVICES - Cont. Table with columns for Name, Price, Dividend, and Date.

WATER Table with columns for Name, Price, Dividend, and Date.

WATER Table with columns for Name, Price, Dividend, and Date.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table of fund prices for Bermuda (SIB RECOGNISED) including various fund names, unit prices, and percentages.

BERMUDA (REGULATED)\*\*

Table of fund prices for Bermuda (REGULATED)\*\* including various fund names, unit prices, and percentages.

GUERNSEY (SIB RECOGNISED)

Table of fund prices for Guernsey (SIB RECOGNISED) including various fund names, unit prices, and percentages.

GUERNSEY (REGULATED)\*\*

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GUERNSEY (REGULATED)\*\*

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IRELAND (REGULATED)\*\*

Table of fund prices for Ireland (REGULATED)\*\* including various fund names, unit prices, and percentages.

ISLE OF MAN (SIB RECOGNISED)

Table of fund prices for Isle of Man (SIB RECOGNISED) including various fund names, unit prices, and percentages.

ISLE OF MAN (REGULATED)\*\*

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JERSEY (REGULATED)\*\*

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JERSEY (SIB RECOGNISED)

Table of fund prices for Jersey (SIB RECOGNISED) including various fund names, unit prices, and percentages.

Advertisement for a hotel with the headline 'FOR THE BEST RETURN ON YOUR MONEY, COME AND SHARE OUR HOSPITALITY.' and an image of a hotel building.

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Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

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Main table containing fund names, descriptions, and prices. Includes sections for 'LUXEMBOURG (SIB RECOGNISED)', 'OFFSHORE INSURANCES', and various fund categories like 'Global Funds', 'Sector Funds', and 'Specialist Funds'.

Handwritten Arabic text: 'صكيات الامل' (Sakiat al-Amal)

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 39p/minute cheap rate and 49p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (44-171) 874 4376.

Main table listing various funds with columns for Fund Name, Class, Price, and other details. Includes sub-sections like 'Global Asset Management - Contd.', 'Global Currency Funds', 'Global Equity Funds', etc.

GUCCI advertisement featuring a watch image and text: 'GUCCI TIMEPIECES ARE AVAILABLE FROM GUCCI BOND STREET W1, GUCCI SLOANE STREET SW1, HARRODS AND SELFRIDGES. ALSO AT SELECTED BRISTOL JONES, LESIE DAVIS, GOLDMITHS, WALKER AND HALL, WATKINS OF SHYLAND, HARRIS & WEBB, BARNSTON AND OTHER FINE JEWELLERS.'

OTHER OFFSHORE FUNDS section listing various international funds.

MANAGED FUNDS NOTES section providing additional information and disclaimers.

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سكنا من الامل

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

Table of stock market data for Europe, including Austria (Aug 16 / Fri), Germany (Aug 16 / Fri), and France (Aug 14 / Fri).

Table of stock market data for Europe, including Greece (Aug 16 / Fri) and Ireland (Aug 16 / Fri).

Table of stock market data for Europe, including Italy (Aug 16 / Fri) and the Netherlands (Aug 16 / Fri).

Table of stock market data for Europe, including Portugal (Aug 16 / Fri) and Spain (Aug 16 / Fri).

Table of stock market data for Europe, including Sweden (Aug 16 / Fri) and Switzerland (Aug 16 / Fri).

Table of stock market data for Europe, including the UK (Aug 16 / Fri) and Denmark (Aug 16 / Fri).

Table of stock market data for Europe, including Finland (Aug 16 / Fri) and Norway (Aug 16 / Fri).

Table of stock market data for Europe, including Denmark (Aug 16 / Fri) and Greece (Aug 16 / Fri).

Table of stock market data for Europe, including Ireland (Aug 16 / Fri) and Italy (Aug 16 / Fri).

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Table of stock market data for Europe, including the Netherlands (Aug 16 / Fri) and Portugal (Aug 16 / Fri).

Advertisement for Pergrine: 'Fixed on Asian Income'. Text: 'Pergrine has the largest team of professionals dedicated to the origination and distribution of Asian fixed income securities.' Includes Pergrine logo and contact information.

Table of stock market data for Asia, including Japan (Aug 16 / Fri) and South Korea (Aug 16 / Fri).

Table of stock market data for Asia, including Taiwan (Aug 16 / Fri) and Thailand (Aug 16 / Fri).

Table of stock market data for Asia, including Hong Kong (Aug 16 / Fri) and Singapore (Aug 16 / Fri).

Table of stock market data for Asia, including Malaysia (Aug 16 / Fri) and Indonesia (Aug 16 / Fri).

Table of stock market data for Asia, including the Philippines (Aug 16 / Fri) and Australia (Aug 16 / Fri).

Table of stock market data for Asia, including Japan (Aug 16 / Fri) and South Korea (Aug 16 / Fri).

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Table of stock market data for Asia, including Malaysia (Aug 16 / Fri) and Indonesia (Aug 16 / Fri).

Table of stock market data for Asia, including the Philippines (Aug 16 / Fri) and Australia (Aug 16 / Fri).

INDICES

Table of various stock indices including CAC-40, Nikkei, and others, with columns for date, high, low, and volume.

US INDICES

Table of US stock indices including Dow Jones, S&P 500, and others, with columns for date, high, low, and volume.

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Table of US stock indices including Dow Jones, S&P 500, and others, with columns for date, high, low, and volume.

Market & Commodity Data: Includes various market indices, commodity prices, and exchange rates.

FT FREE ANNUAL REPORTS SERVICE: Information regarding the FT's free annual reports service.

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock symbols, prices, and changes. Includes sections for 'NEW YORK STOCK EXCHANGE PRICES', 'NASDAQ LISTED STOCKS', and 'NASDAQ LISTED STOCKS'.

Advertisement for Sheraton Brussels Airport Hotel, featuring the text 'BLEUR GUEST' and 'When you stay with us in BRUSSELS say in touch with your complimentary copy of the FINANCIAL TIMES'.

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Continued on next page

4 pm close August 18

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for -V-, -T-, -U-, and -X-Y-Z-.

NASDAQ NATIONAL MARKET

4 pm close August 18

Table of NASDAQ National Market stock prices including columns for stock name, price, change, and volume. Includes sub-sections for -L-, -M-, -N-, -O-, -P-, -Q-, -R-, -S-, -T-, -U-, -V-, -W-, -X-, -Y-, and -Z-.

AMEX PRICES

4 pm close August 18

Table of AMEX stock prices including columns for stock name, price, change, and volume.

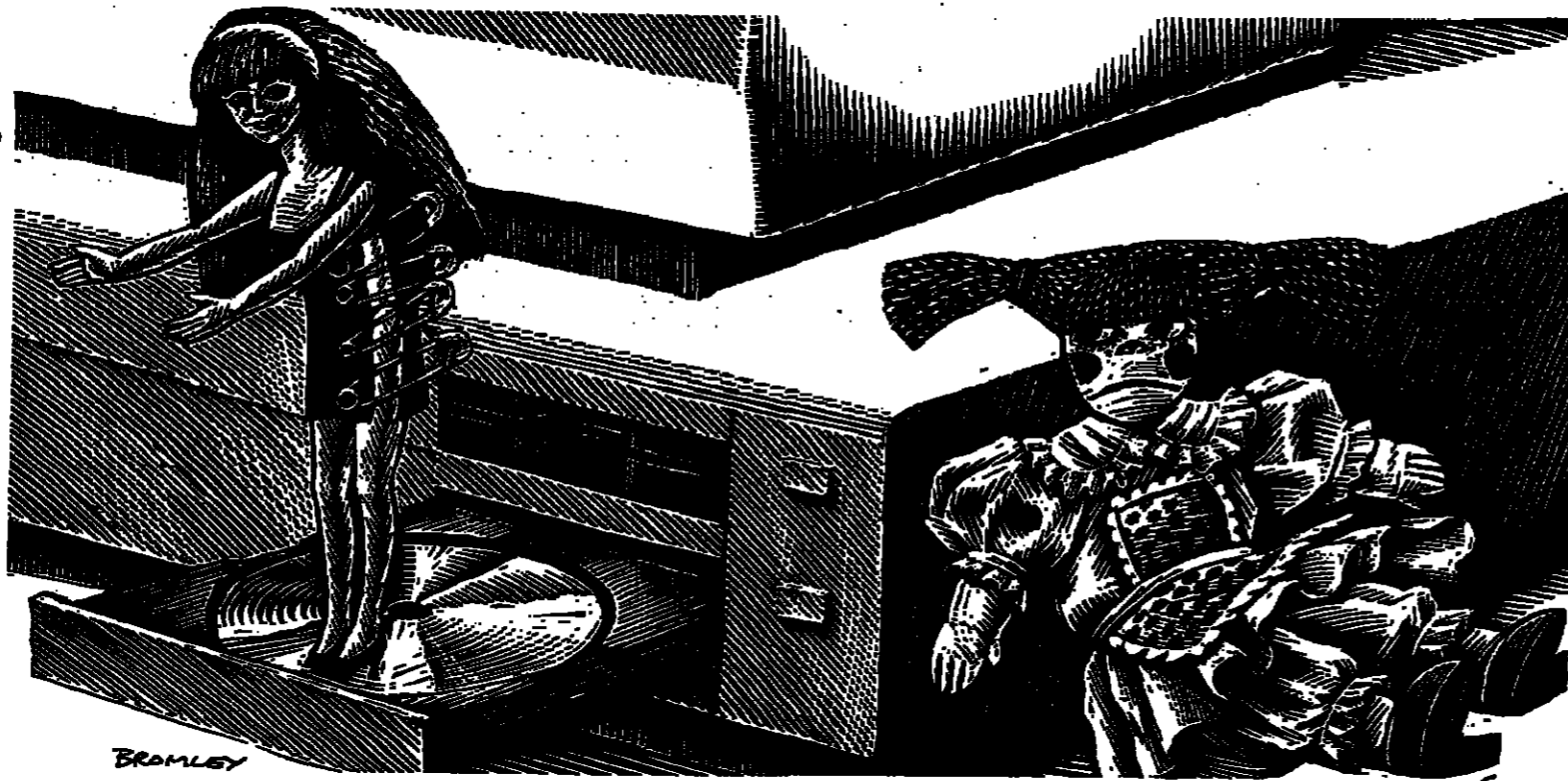
Advertisement for 'France' featuring the slogan 'Have your FT hand delivered in France.' and text about financial services and delivery locations.

Continuation of NASDAQ National Market stock prices from the previous page, including sub-sections for -L-, -M-, -N-, -O-, -P-, -Q-, -R-, -S-, -T-, -U-, -V-, -W-, -X-, -Y-, and -Z-.





MEDIA FUTURES



Barbie dolls up for CD-Rom

Toy makers are entering the digital and online arena, writes Alice Rawsthorn

Barbara Millicent Roberts has played many roles in her thirtysomething lifetime - model, astronaut, chef, scuba diver, politician, even a hip-hop star - and now she is about to enter the world of digital technology.

Ms Roberts, "Barbie" to her friends, will make her digital debut this autumn when she stars in a series of CD-Roms - Barbie Fashion Designer, Barbie Storymaker and Barbie Print 'n' Play - which are due to hit the stores on November 4, just in time for the start of the Christmas shopping season.

Until recently traditional toy manufacturers such as Mattel, Barbie's creator, left the interactive games market to the Japanese video games groups, Sega and Nintendo, and US software companies, notably George Lucas's Industrial Light & Magic.

Hasbro, Mattel's arch-rival, brought out CD-Rom formats of its board games, Monopoly and Trivial Pursuit, last autumn. It is now finalising plans for this autumn's launch of interactive formats for other brands including Playskool, Cinedo, Risk and Battleship.

As more people buy personal computers for their homes, the fastest growing area of the games sector is expected to be CD-based concepts and online formats played over the Internet. This shift from the video games consoles that have dominated the market for a decade creates an opportunity for traditional toy manufacturers to move into interactive games.

Tim Jackson

Raw pin-up law



Our long standing system of intellectual property protection has encouraged creative minds to be productive. Diluting those protections may discourage that creativity.

The US has one of the world's most liberal regimes on alleged pornography, in which plenty of material receives constitutional protection that would bring its publisher a spell in prison abroad.

These words appeared in a judgment handed down recently by a federal district court in the southern district of New York which has important implications for anyone with ambitions to distribute information across the Internet.

That, the court agreed, would be tantamount to a declaration that this court, and every other court throughout the world, may assert jurisdiction over all the information provided on the global World Wide Web.

The parties were two competing publishers: Playboy Enterprises Inc of the US, publisher of the magazine that gave us the word "centrefold", and the publisher of an Italian magazine with the similar name of Playmen.

But there is also a case for arguing that the Net is becoming an electronic community of its own, with values different from those defined by national or regional borders.

Playmen set up a Web site last year, in Italy, which offered customers dirty pictures for a fee. Playboy sued, claiming that by establishing the Web site the Italians had breached the earlier injunction.

Today, all these suggestions seem unlikely. But when you have excluded the impossible, as Sherlock Holmes used to say, whatever remains - however improbable - must be the truth.

Cyber sightings... This month sees the first issue of BT's Business Connections website...

It has story archives, company background and product evaluations. Simple to use graphics and highly useful and you can order it Net'net delivery!

the most indispensable sites I've seen for a long time is Gibbons Burke's Hot Links for Traders...

construction, but plans to outline available sites and premises, and to provide details of national and international marketing opportunities...

FTid - The Internet Directory... All of these can be accessed via hyperlink directly from the Financial Times at http://www.ft.com

Every week on a Monday... the FT gives you the chance to advertise your internet site to the FT's influential readers in 160 countries worldwide.

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UK Equities Direct... The number ONE source of financial and corporate data on UK stockmarket companies.

Business... Access to the World's Business Intelligence

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Demon Internet... net effect... the largest European Internet Service Provider

The Financial Times plans to publish a Survey on Mexico on Monday, September 23. The survey will look at the country's economy, politics, financial markets, foreign policy and more.

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net effect... the largest European Internet Service Provider





BUSINESS TRAVEL

Travel News • Roger Bray

Liability curbs end

Improved compensation could be on the way for passengers injured in airline accidents - and for the relatives of those killed. Leading airlines have proposed that liability should no longer be limited by international agreement but should reflect awards made by courts in the country where the traveller lives.

example. These amounts may not be adequate to compensate for the loss of a high earner. To get more you must take costly legal action to prove negligence, but under the proposed new system passengers will no longer have to show that the airline is at fault. The limit has been kept low in the US, with its culture of litigation, by the assumption that everyone there will sue anyway in the event of an accident.

world's biggest carriers, have agreed the change.

Ethiopia warning

The UK Foreign Office has warned travellers to be vigilant in Ethiopia, where bombs have been going off at hotels in the capital, Addis Ababa. An explosion in the Wabe Shabelle hotel earlier this month is reported to have killed one person and injured 11 others, including a European.

Typhoid alert

The former Soviet state of Tajikistan, in central Asia, continues to suffer from an outbreak of typhoid. The World Health Organisation reports between 30 and 40 new cases every day. The outbreak has been blamed on ageing and badly maintained sewage systems which overflowed after heavy rains earlier this year, contaminating drinking water.

Flight times fall

International airlines could start commercial flights over North Korea as early as December, cutting journey times from Europe and the US to Asian cities. This follows agreement by the Pyongyang regime, which is believed to be keen to earn revenue from flights through its airspace.

India takes off

Competition continues to pump oxygen into India's once-stagnant domestic airline industry. Jet Airways has just launched services between Delhi and Calcutta, completing the triangle which includes Bombay. Flights on the new route operate twice a day in both directions, allowing business travellers to make day trips.

Likely weather in the leading business centres

Table with columns for cities (Beirut, Damascus, Amman) and days (Mon, Tue, Wed, Thu, Fri, Sat, Sun) showing weather icons and temperatures.

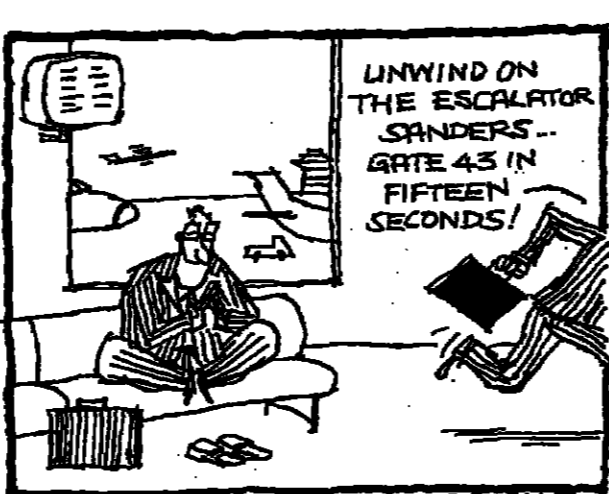


How to stay cool on the road

Is business travel bad for your health? Most executives travelling more than 100 miles regularly on business suffer from stress-related symptoms, according to a survey of company directors. Almost two-thirds of the 350 senior managers of UK and international companies surveyed by The Athenaeum, a London hotel, said they suffered physically, particularly from fatigue and aching limbs.

Scheherazade Daneshkhu offers advice for stressed executives

are not that demanding of hotels, but missing a wake-up call before a meeting or flight, or fire alarms going off in the middle of the night, can make the mildest person abusive. Dr Antony Ashe, a general practitioner who treats a number of business travellers, says there is growing awareness among doctors of the detrimental effects of stress caused by business travel, but says that little is being done to evaluate the impact on both the individual and business.



Stress can lead to increased blood pressure and a rise in cortisone levels which can reduce the effectiveness of the immunity system, says Dr Ashe. This can make those who push themselves hard more vulnerable to illnesses such as flu, which in turn can mean taking days off work. Prof Cooper says the cost to companies can be much greater than the cost represented by days off for illness.

might be short on vitamins and minerals," says Dr Ashe. Airline food tends to be high in calories and low on roughage. "Although it may be impossible to avoid eating on the hoof, make sure you also get a decent meal such as meat and two vegetables." He also believes that companies should occasionally pay for partners to travel as well.

Amon Cohen on Delta's plan to aid laptop users

More power to your elbow

More business travellers are using their laptops while airborne, even though work grinds to a halt when the battery runs flat. Delta Air Lines thinks it has found the solution: it claims to be the first carrier to offer an in-flight power source for laptop computers. It is offering the complimentary facility, EmPower In-Seat Power Supply, to first-class passengers on one of its domestic Boeing 767s for a six-month test.

SPORT / ARCHITECTURE

Michael Thompson-Noel • Sport

Has Nationwide got a pig in a poke?

Funny business, sports sponsorship. Some sponsorships, such as Carling lager's link with England's elite Premiership soccer division, resonate with common sense: Carling, sixpacks, hairy soccer stars, machismo, sex. Nothing could be simpler. But try twinning Nationwide Building Society - the UK's second largest - with the English Football League, and see how long it takes to work out a rationale for Nationwide's three-year, £5.25m sponsorship of the league, which started at the weekend along with the league's new season.

coming into the league. BSkyB plans to screen more than 60 live league games per season. But there is worry over players' earnings. "Overall - Premiership plus league - salary bills have grown by 80 per cent in four years," said a spokesman. "In the league alone: 63 per cent. How long that can be sustained is anyone's guess." There is even the chance of a players' strike over the distribution of TV income. Yet the financial precariousness of league clubs can be over-dramatised. Many are extremely small operations in charmless catchment areas. They have one supreme skill: surviving as... extremely small operations in charmless catchment areas.



Ex-England coach Terry Venables (centre) has now thrown his hand in with loss-making Portsmouth

or more of a UK market worth approximately £40m. (Its cheapest football costs £4.99). The Ultimax is also the exclusive match ball of England's Football League and of America's Major League Soccer, as well as many top leagues and teams worldwide, from Europe to Australasia. Mitre has been based in Huddersfield since 1817 and is part of Pentland Group, the UK's largest sporting goods company. Other sports brands wholly or partially under Pentland's sway include Berghaus, Speedo, Rileese, Kickers and Lacoste. Mitre says the Ultimax is a

fully aerodynamic, 26-panel ball that incorporates an exclusive soft-touch micro-fibre material. The ball's "revolutionary performance" and "absolutely true flight", it maintains, are "now acclaimed as a major contributor to the attractive football witnessed [in the Premiership] last season." But hang on. The Ultimax wasn't the match ball for Euro 96, was it? "No," says Mitre, "that was Adidas." And it isn't the official ball for the upstart World Cup? "No," agrees Mitre, "that's Adidas as well." So Mitre, for all its venerability and technological prowess, still has a bit of prestige and market share to go for? "Absolutely," says Mitre.

Colin Amery • Architecture

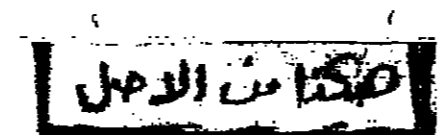
A mission to civilise the century

The last few weeks have seen the deaths of two of the longest lived and, in their way, most influential modern designers in Britain. Sir Geoffrey Jellicoe, who was 95, was the most significant landscape architect of his time. He spanned the century and was working to the end of his life. And Dame Jane Drew, who was 85, created, with her second husband, Maxwell Fry, a firm that had enormous influence. Jane Drew made the world safe for women architects, and Geoffrey Jellicoe created the profession of landscape architecture. They belonged to that immediate post-war world in which archi-

tecs believed they had a divine mission to change the world. In the 1930s Drew was a member of the Modern Architecture Research Group, an assembly of architects, artists and industrialists with a mission. Drew later wrote: "We were terribly arrogant, we thought we could plan the world, certainly plan a new basis for life." They contributed to the image of the all-conquering architect, which has been a blessing and a curse. But their achievements are so large they outweigh the arrogance. It takes fantastic energy to create a new city in India, new towns in Britain and important new landscapes in Britain and the US.

Le Corbusier, and with the Indian authorities, particularly Pandit Nehru, encouraging him to recruit young Indian architects. Nehru wanted the new capital to be "symbolic of the freedom of India unfettered by the traditions of the past." That was wishful thinking. The end result is very much an imposed western vision, but Drew modified the most extreme elements of Le Corbusier's designs. Her own buildings at Chandigarh are simple, modest and deferential to the climate. She built government and private housing, health centres and schools. Prototypes of the houses were lived in by the inhabitants before being built. That early form of public consultation was not, alas, continued in the UK. Most of Drew's work was in the newly independent British Commonwealth countries, espe-

cially in west Africa and Ceylon. She established the School of Tropical Architecture in London at the Architectural Association, which became an important seed-bed for the nurturing of modernism for the new world. She will be remembered in the UK for her buildings for the Institute of Contemporary Arts and the Open University. Jellicoe's influence will be remembered by those fortunate enough to have had their gardens made by him, and by the public who visit the Kennedy memorial at Runnymede and the 25 acres of the Moody historical gardens at Galveston in Texas. His pioneering study on the Italian gardens of the Renaissance established the importance of linking architecture and landscape. He understood the importance of the spirit of place, the genius loci, and made it accessible. He was able to modify motorways, enhance power stations and reduce the impact of landscape. Both these pioneers helped civilise the century. They should not be forgotten.



ARTS

LONDON

On Wednesday Shakespeare's Globe (below) finally opens on Bankside. A short prologue season of The Two Gentlemen of Verona runs until September 15...



EDINBURGH

The main theatre highlight this week at the Edinburgh Festival will be Carolee Santice's L'espionnage vengéance de la mort... The main theatre highlight this week at the Edinburgh Festival will be Carolee Santice's L'espionnage vengéance de la mort...

HELSINKI



By the end of summer, just as Michael Jackson sweeps into view for his first Prague concert, the Czech Republic will have its first megastore devoted to entertainment...



Martin Kratochvil: the brainchild behind Bonton who snipped up the former state record company Supraphon and its priceless archives

Boom-time for Bonton

Andrew Clark reports on a Czech success story in the electronic entertainments business

Situated on a prime site in Wenceslas Square, Bontonland will sell compact discs, videos, electronics, food and drink. It is the latest chapter in the success story of Bonton, a Czech company which has profited from the post-communist vacuum...

The timing was perfect. Based on a popular anti-communist novel by the dissident Czech writer Josef Skvorecky, the film was an instant box-office hit. Worldwide rights for Bonton's second movie were snipped up by Columbia TriStar...

But the jewel in Bonton's crown is Supraphon. Under communist rule, Supraphon had a virtual monopoly on record production, music publishing and retail outlets. It was a slow-moving bureaucracy which followed the Party line. But thanks to Jaroslav Seda, artistic director...

It inherited Kcs180m of debt and a legal headache: most of Supraphon's 142 shops were the subject of property restitution claims, and Bonton ended up with 23. But it also inherited 70,000 master tapes - a treasury of Czech music from the baroque era to the present...

At Bonton's priority is to make money - and given the international slump in sales of new classical recordings, Supraphon's profitability lies in its back catalogue. Re-issuing a vintage Janáček opera on CD, in good stereo sound from the 1960s, costs 10 per cent of the cost of a new set...

Supraphon was another huge risk: before the purchase, Hawk had little idea of its assets and liabilities, and many observers predicted it would drag Bonton into bankruptcy. But two months after paying Kcs15m for Supraphon, Hawk sold the Japanese distribution rights to Nippon Columbia...

By the end of 1994, Bonton was ready to widen its financial base, raising \$6.5m in a private share placement which saw the value of the original shares jump from \$200 to \$26,000. The company has yet to pay a dividend, but it hopes to go public next year...

Edinburgh 96 Recitals to be compared

Two bass-baritones sang Edinburgh recitals last week: Bryn Terfel, the Welshman and toast of the whole operatic world, to a packed Usher Hall on Thursday night, and the veteran Finn Tom Krause to the no less packed - but much smaller - Queen's Hall the next morning. They even sang two of the same Schubert songs. Much to enjoy in each recital; much to think about in the comparison...

David Murray

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-5730573 Amsterdamse Bach Solisten: with conductor Marc Minkowski...

BERLIN

EXHIBITION Altes Museum Tel: 49-30-8901332 Love's Grinths: retrospective exhibition devoted to Lovis Corinth...

BOSTON

EXHIBITION Museum of Fine Arts Tel: 1-617-267-9300 Gauguin and the School of Pont-Aven: this exhibition features 80 oil paintings...

BREGENZ

MUSICAL OPERA Bregenzer Festspiele - Festspiel und Kongresshaus Tel: 43-5574-4920 Fidelio by Beethoven. Performed by the Wiener Symphoniker...

CHICAGO

MUSICAL Candlelight Dinner Playhouse Tel: 1-708-496-3000 Seven Brides for Seven Brothers: by Kasha & Larday. Directed by David Perlovich...

COLOGNE

EXHIBITION Römisch-Germanisches Museum Tel: 49-221-2214438 Tu Felix Agrippina: this exhibition features images of members of the family of the Roman Emperor Augustus...

EDINBURGH

EXHIBITION Edinburgh Festival Theatre Tel: 44-131-5286000 Ines de Castro by James MacMillan, after the play Ines de Castro by John Clifford...

HAMBURG

MUSICAL CONCERT Musiktheater Hamburg Tel: 49-40-346620 Symphonischen Nacht: the Hamburger Symphoniker, conducted by Plácido Domingo...

LONDON

EXHIBITION National Gallery Tel: 44-171-7472885 Degas: Beyond Impressionism: this exhibition features the late work of Edgar Degas...

MADRID

EXHIBITION Palacio de Velázquez Tel: 34-1-573-62-45 Cindy Sherman: exhibition of about 70 photoworks featuring examples of the 'Untitled Film Stills'...

MOSCOW

CONCERT Avery Fisher Hall Tel: 1-212-875-5030 Solisti Veneti: with conductor Claudio Scimone and soprano June Anderson perform works by Boccherini, Vivaldi and Albinoni...

NEW YORK

EXHIBITION The Metropolitan Museum of Art Tel: 1-212-679-5500 Toulouse-Lautrec: exhibition of more than 100 works by the mid-18th to late 19th centuries...

PARIS

EXHIBITION Centre Georges Pompidou Tel: 33-1-44 78 12 33 Dessins contemporains du Musée de Bâle: this exhibition shows a collection of contemporary drawings...

TOLOUSE-LAUTREC

EXHIBITION Musée de Bâle: this exhibition shows a collection of contemporary drawings, collected by Dieter Koepplin, the curator of the Kunstmuseum Basel...

TULOUSE-LAUTREC

EXHIBITION Musée de Bâle: this exhibition shows a collection of contemporary drawings, collected by Dieter Koepplin, the curator of the Kunstmuseum Basel...

VIENNA

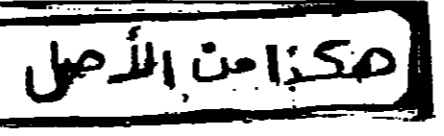
EXHIBITION Museum für Angewandte Kunst Tel: 43-1-71136 Light Materials. Textiles from the Biedermeier Period 1800-1850: exhibition featuring Biedermeier textiles...

WORLD SERVICE

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EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time) MONDAY TO FRIDAY NBC/Super Channel: 07.00 FT Business Morning 10.00 European Money Wheel Nonstop live coverage until 15.00 of European business and the financial markets...





COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9FL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Monday August 19 1996

Missed chance in Indonesia

When President Suharto of Indonesia delivered his state of the nation speech last week, he had a chance to address the critical issues currently facing his country...

Business empire The middle classes, and Mr Suharto's vital allies in the military, not to mention foreign investors, are expressing growing resentment at the spread of his family's business empire...

Political crisis Few would agree. Indeed, many observers would argue that Mr Suharto himself precipitated the latest political crisis, by engineering the dismissal of Ms Megawati Sukarnoputri as leader of one of the official opposition parties...

there was an inflow of some \$4.5bn in 1995. President Suharto has not only held together an extraordinary mixture of tribes and religions as a single nation...

Business empire The middle classes, and Mr Suharto's vital allies in the military, not to mention foreign investors, are expressing growing resentment at the spread of his family's business empire...

Political crisis Few would agree. Indeed, many observers would argue that Mr Suharto himself precipitated the latest political crisis, by engineering the dismissal of Ms Megawati Sukarnoputri as leader of one of the official opposition parties...

Watchdogs learn to bite

This summer the regulators of all the large UK utilities have been baring their teeth, growling and showing a surprising turn of speed as they try to shepherd their charges towards the market...

It is now a danger that regulators will take divergent views, particularly on the important subject of valuing assets. Regulators need to be confident that the prices they set will allow the utilities to make a fair but not excessive profit...

Stronger powers For the task of encouraging competition, regulators also need stronger and more specific powers compared to the vague duties set out in present legislation. In telecoms and electricity the regulators are seeking a significantly harder bite on competition policy...

Detailed scrutiny The second error was to believe that in writing prices regulators would be freed from that detailed scrutiny of the industry which US utility regulators find necessary in order to control profits...



From left to right: Massimo D'Alema, Romano Prodi, Antonio Maccanico, Carlo Ciampi, Lamberto Dini

Prodi's prima donnas

Italy's coalition has prospered, but ministers need to co-operate to pursue economic and political reform, says Robert Graham

If miracles can embrace the world of politics, then a minor one is occurring in Italy. The centre-left government of Mr Romano Prodi is approaching the landmark of 100 days in office without the whisperings of a crisis...

The mini-budget was conceived in the framework of a three-year macroeconomic programme to bring Italy's public finances in line with the convergence criteria for monetary union...

The Bank of Italy has lowered the discount rate as a sign of confidence in the direction of economic policy and declining inflation. The long-awaited rate cut to 8.25 per cent from 9 per cent in July is central to the virtuous circle the government hopes to set in motion...

wide: ranging from a review of the powers of the prime minister and president and the duplication of roles by the two houses of parliament to creating a more federal structure for the state.

head of the main party winning an election would be expected to become prime minister. But because of a residual mistrust of the former communists, the PDS agreed that the premiership should be held by the more neutral figure of Mr Prodi...

Both Mr Prodi and Mr Massimo D'Alema, the PDS leader who is the real power behind the scenes, have deliberately sought to cool the confrontational atmosphere of the two previous Berlusconi and Dini governments...

But the financial markets, whose judgment has been so influential since the ECU exchange crisis in September 1992, have retained an underlying confidence in the new government.

The two priority areas given priority have been the economy and constitutional reform. Mr Prodi was faced with the immediate need of having to produce a package of corrective measures to hold this year's budget deficit to its target of 5.9 per cent of gross domestic product.

The other priority has been to forge an agreement with the rightwing opposition on constitutional reform, which was a key electoral issue for all parties. Mr D'Alema has managed to broker a deal with Mr Berlusconi to form a bicameral commission to prepare a set of proposals by June next year.

Here the rule of the populist Northern League could prove crucial. Mr Umberto Bossi, the astute League leader, is embarked on a dangerous course, promising to declare on September 15 the secession of Padania - an ill-defined area of the rich industrial north centred on the valley of the River Po.

OBSERVER

Midas touch - in reverse

■ Is Kazakhstan's Yaslikovskoye gold mine fixed? The Kazakhs reckon it has proven reserves of 400 tonnes - worth about \$5bn - but those international mining companies who have sniffed around have simply got burnt.

Placer has now decided to go to international arbitration under Uncitral, the UN Commission on International Trade Law. The case will be heard in London.

French fringes

■ The French government has recently created so many so-called 'observatoires' to investigate problems that the *Courier* magazine suggests establishing a new observatoire des observatoires - to keep an eye on all the others.

secretive organisation is headed by his brother Jacques, a financier who presides over the French arm of the ultra-elite club, whose wealthy contributors annually parade in strange cloaks on route to a grand dinner.

Playing around

■ Has the Vienna Philharmonic, which only a few weeks ago seemed to be stubbornly resisting letting in women, changed its tune? Austrian TV reported last week that, after more than 150 years, Austria's most famous men-only club was going to let women join its band.

Perhaps the change of heart is connected with the Austrian government's recent threats to cut its relatively small subsidy? Definitely not. In fact, the orchestra now claims that Werner Resel - the cellist who doubles up as chief shop steward - was misquoted. All he said was that since nearly two-thirds of the students in Vienna's top music school are now female, the chances are that in 10 years there may be women members.

Fred's logic

■ Bill attempts to teach Fred the art of logic, via the age-old method of question and answer. Bill: "Do you have a lawnmower?" Fred: "Yes."

100 years ago

Bondholders' Misfortunes The report of the council of Foreign Bondholders contains a mass of valuable information, particularly with regard to the finances of the South American States.

50 years ago

British Films at Highest Level British films now stand at the highest level, states the annual report of the British Film Producers Association for 1945-46, and it only remains for their numbers to be increased so that they become a world force in entertainment.

"In a free market, profit is society's reward for those who serve its interests."

## Carmaker faces court action if it uses funds Brussels warns VW over \$60m state aid

By Peter Norman in Bonn

The European Commission has threatened to sue Volkswagen, the carmaker at the centre of a state aid row, for breaching the public contracts it spends nearly DM50m (€61.4m) of disputed subsidies received from the German state of Saxony.

Mr Karl Van Miert, the European Union's competition commissioner, said the commission would sue VW in the European Court if it used the funds. VW would be also barred from spending other already approved state aids in the EU. "Exclusion from public tenders is also conceivable," Mr Van Miert added.

found it so easy to blackmail the state's politicians into providing aid by threatening to withdraw from its projects in eastern Germany. "If the group won't invest more in eastern Germany, it must pay back already approved subsidies worth some hundreds of millions of D-Marks. VW would then be worse off than if it had accepted the commission's ruling."

## Russia tries to reinforce Chechen ceasefire

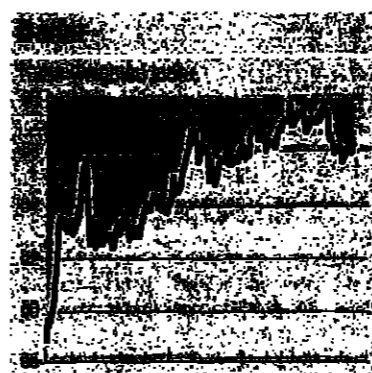
By John Thornhill in Moscow

Russian and Chechen negotiators tried at the weekend to reinforce the fragile ceasefire agreement in the face of mutual accusations of bad faith. A shaky truce also seemed to be holding among Russia's fractious politicians as president Boris Yeltsin appeared to back Gen Anatoly Kulikov, the interior minister, who was last week subjected to a fierce assault by Mr Alexander Lebed, national security adviser.

## Electronic blockbusters

THE LEX COLUMN

Many see the consumer electronics industry's recent history as an edgy hunt for the next killer application. Nothing has come along since the video cassette recorder and the compact disc, it is said. Hence the high hopes for the digital video disc, a sort of cross between a VCR and a CD - but also the anxiety caused by the troubled birth.



James Cook of Philips

There is, though, another interpretation of what has happened: several highly successful products - notably the personal computer and the mobile phone - have been developed. But the old-style consumer electronics groups such as Matsushita, Sony, Philips and Thomson have not made much money out of them. The rewards have instead been reaped by the likes of Compaq and Nokia.

Now, of course, it is getting harder to make the money out of PCs and mobile phones too. As technical advantages are eroded, more competitors are piling into the market and margins are being squeezed. So the hunt is on for the next big products, which will enjoy high margins for a while at least.

a theological dispute. In reality, there will probably be markets for single-function appliances, multi-purpose devices and gadgets that can do a few things but not everything. That does not mean everybody will be a winner. The key to success will be working out exactly which combinations of features exist in hot products. Designing chic and easy-to-use devices will also be essential. Those who develop clever hardware - whether it is foldable plastic screens or voice recognition technology allowing consumers to talk to their appliances - can expect rich pickings. But some of the most competitive battles will be to supply the software to operate such gizmos. Many have seen the vast wealth Microsoft has generated from dominating the PC software market and want to do the same with electronic appliances. Unsurprisingly, Microsoft itself is one.

vergent economies. Inflation is low in leading economies, and external imbalances much smaller than in the past. There is less need for exchange rate adjustment in the case of Europe. Tighter trading ranges are the result of investors positioning themselves for EMU, not central bank alchemy.

There have also been changes. Central banks are cautious in their intervention tactics, while new instruments, such as options, affect how prices behave. The market is bigger, and so less easily moved, while investors have more options for expressing their views outside the foreign exchanges. But we have not seen the end of volatility. So long as animal spirits persist, markets will overreact, and central banks will respond. The death of intervention is not upon us.

### Pulp & paper

Profits at Europe's top 16 paper companies are expected to fall by nearly 20 per cent in 1996, yet some of their share prices have risen 20 per cent or more this year. Investors have been buying in the belief that the pulp cycle has turned. This would allow producers to force through price increases for many paper grades this autumn, leading to a rebound in earnings of up to 25 per cent in 1997.

### Currency intervention

First it was the end of history. Then the death of inflation. Now traders are predicting the demise of market volatility. It is all rather ironic. Eighteen months ago, with the dollar in seemingly relentless decline, central bankers were the clowns of the financial markets. Now, suddenly, they are omniscient, capable of taming the world's largest market.

## Microsoft admits to flaw in latest Internet package

By Tom Foremski in San Francisco and Paul Taylor in London

Microsoft, the US software giant, has admitted that there is a "bug" in the latest version of its Internet Explorer software. The admission came on the eve of the launch of Netscape Navigator 3, the rival offering from Netscape Communications.

Internet Explorer 3.0 days after its launch is an embarrassment for Microsoft, the world's biggest software company, which is locked in a battle with Netscape, a California-based company which has pioneered the development of powerful, easy-to-use Web browsing packages and which has a 70 per cent share of the market.

ware programs over the next few months. Microsoft said Internet Explorer 3.0 contains a bug which forces users to re-enter their registration data - an inconvenience for users when accessing the growing number of Internet web sites that require a password. Such sites include the Financial Times's Web site, [www.ft.com](http://www.ft.com).

## Bread riots

Continued from Page 1

tribal grievances by changes to voting procedures in the 1993 elections. But last week's bread price rises could hamper only 29 votes in parliament.

## Lloyd's fails to win help


Continued from Page 1

should be heard in the US - dealing a blow to Lloyd's hopes that they could be heard in the UK. Underlining the importance of the case, Mr Ron Sandier, Lloyd's chief executive, is in Virginia to give evidence. Mr Chuck Quackenbush, California's insurance commissioner, argues Names' links with Lloyd's are "purely an insurance relationship" and delaying the recovery "could have

devastating effects on California's insurance market". Lloyd's is refusing to say how many Names have accepted the plan so far, but is stepping up efforts to build support, including newspaper advertisements this week reminding Names about the August 28 deadline. Lloyd's yesterday welcomed a court ruling in Tennessee rejecting a request by the state's department of commerce for an injunction blocking the recovery plan.


Chechen forces now control of several strategic locations in Grozny and seem to be preparing for a long fight. The RIA Novosti news agency quoted a Russian military source as saying that the Chechen forces were exploiting the ceasefire to strengthen their positions, re-establish their lines of communications, and redeploy their forces. The officer said the only way for federal forces to recapture the city without enormous losses would be to level every building in the city by air bombardment and artillery fire as had been done in the initial assault on Grozny in early 1995.

This announcement appears as a matter of record only. August 1996



Formation of a Missiles Joint Venture

Flemings acted as sole financial adviser to Lagardere S.C.A.



Incorporated by Robert Fleming & Co. Limited, a member of the London Stock Exchange and regulated by the SFA.

### FT WEATHER GUIDE

#### Europe today

A large part of Europe will have widespread sunshine and scattered cloud with temperatures ranging from 25C to 30C. Thunderstorms will develop over the Pyrenees, the Alps and the Balkans. Over Ireland and western UK, it is likely to be cloudy with periods of rain and even thunderstorms as a front slowly shifts eastward. Ahead of the front, the north-western Iberian peninsula, the western part of France and England will be cloudy with sunny patches. Southern Scandinavia will be mostly fair with cloudy intervals over south-western and western Norway.


#### Five-day forecast

Thunderstorms and rain will affect western Europe as cooler air moves in from the west. In the Mediterranean region and central Europe, conditions will remain fair with scattered thunderstorms over Sardinia and Sicily from Wednesday.

#### TODAY'S TEMPERATURES

Madrid	sun 36	Paris	sun 21	London	sun 18	Amsterdam	sun 17	Brussels	sun 17	Frankfurt	sun 17	Berlin	sun 17	Munich	sun 17	Vienna	sun 17	Zurich	sun 17
Stockholm	sun 17	Helsinki	sun 17	Oslo	sun 17	Cairo	sun 30	Beijing	sun 30	Tokyo	sun 28	Sydney	sun 28	Melbourne	sun 28	Auckland	sun 28	Wellington	sun 28

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